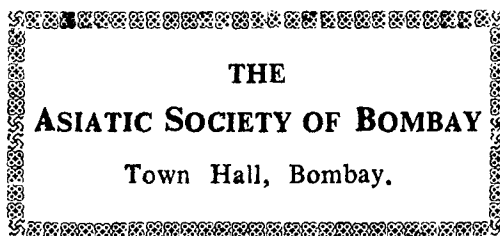




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REPORT
OF THE
COMMITTEE
APPOINTED BY
THE CHIEF COMMISSIONER
TO ENQUIRE INTO THE
EXCISE SYSTEMS IN FORCE
IN THE 109044
CENTRAL PROVINCES AND BERAR^{ac}
1904



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CONTENTS.

CHAPTER I.

INTRODUCTORY.

PARA.		PAGE.
1.	Appointment of Committee	1
2.	Instructions received	<i>ib.</i>
3.	Course of enquiry	2
9.	Preparation of report	3

CHAPTER II.

CURRENT THEORIES OF EXCISE TAXATION IN INDIA, WITH SPECIAL REFERENCE TO THE CIRCUMSTANCES OF THE CENTRAL PROVINCES AND BERAR.

14.	Orders of the Secretary of State as to the policy to be observed	5
15.	Policy of the Opium and Hemp Drugs Commissions	<i>ib.</i>
16.	And of successive Chief Commissioners	<i>ib.</i>
18.	A direct duty coupled with fees for the privilege of vend	6
22.	The fees best fixed by auction	7
23.	But as much revenue as possible should be taken in the shape of direct duty	<i>ib.</i>
24.	Privileges of manufacture and vend should be separated	<i>ib.</i>
26.	Systems of wholesale supply	<i>ib.</i>
34.	Concentration of manufacture	9
36.	Methods of control	<i>ib.</i>
41.	Levy of the fixed duty	10
45.	Distributing agencies	11
47.	Retail vend	<i>ib.</i>
59.	Exceptional cases	13
65.	Preventive arrangements	15

CHAPTER III.

PAST HISTORY OF EXCISE ADMINISTRATION IN THE CENTRAL PROVINCES AND BERAR SO FAR AS IT IS CONCERNED WITH COUNTRY SPIRITS.

68.	Central Provinces—farming system at first universal	16
69.	Sadar distilleries introduced 1862	<i>ib.</i>
72.	Contract stills and out-stills	17
74.	1871 to 1881, disintegration of Sadar Distillery system	18
77.	1881 to 1891, further disintegration	19
83.	1891 to 1901, reaction against out-stills	20
84.	Bonded Warehouse system	<i>ib.</i>
86.	Modified Bonded Warehouse system	21
95.	Berar—The Farming system	22
99.	The Sadar Distillery system rejected	23
101.	1893-94 the Minimum Guarantee system	24
103.	The Madras system	<i>ib.</i>
104.	The systems considered	25
105.	The Out-still system and its variants	<i>ib.</i>
106.	The Sadar Distillery system	<i>ib.</i>
114.	The modification of it now in force in the Central Provinces	28
115.	The Bonded Warehouse system	29
117.	The Minimum Guarantee system	<i>ib.</i>
118.	The other systems are modifications of the Central Distillery system	<i>ib.</i>
119.	Revenue results	30

CHAPTER IV.

PARA.	DISCUSSION OF EXISTING COUNTRY SPIRIT SYSTEMS.	PAGE.
124.	Central Provinces—the mixture of systems in force ...	32
129.	The Out-still system ...	34
133.	The Sadar distilleries ...	36
154.	The Modified Bonded Warehouse system ...	42
158.	Berar—the Contract Distillery system ...	43
166.	The number of shops ...	45
175.	Miscellaneous comments ...	47
179.	The controlling staff ...	48
180.	Offences and prosecutions ...	49

CHAPTER V.

THE DELETERIOUS ELEMENTS OF COUNTRY SPIRIT AND THE BEST MEANS
OF IMPROVING IT.

185.	The commoner country spirit is undoubtedly impure ...	50
186.	The nature of the impurities ...	51
192.	The results of analysis ...	<i>ib.</i>
194.	The defects in processes which cause these impurities ...	52
204.	Proposed remedies ...	54
217.	The necessity for expert advice ...	56

CHAPTER VI.

PROPOSED COUNTRY SPIRIT SYSTEM.

221.	The changes necessary in the Out-still system ...	58
226.	Some preliminaries to the consideration of the General Distillery system ...	59
232.	The systems available ...	61
233.	The Madras Contract Distillery system recommended ...	<i>ib.</i>
237.	Control of distilleries ...	63
240.	Storage, transit and wastages ...	64
249.	Issue strengths ...	65
250.	Rates of duty ...	<i>ib.</i>
258.	Arrangements for distribution ...	68
259.	Retail vend ...	<i>ib.</i>
263.	Controlling establishment ...	69
266.	Limit of possession and special permits ...	70
270.	The necessity for a change in the law ...	72

CHAPTER VII.

APPLICATION OF PROPOSALS TO LOCAL AREAS.

271.	Considered under two heads 'ultimate' and 'immediate' ...	73
272.	Ultimate arrangements—out-still areas ...	<i>ib.</i>
273.	Application of rates of duty ...	<i>ib.</i>
277.	Immediate arrangements—necessity for caution ...	75
280.	Areas into which the proposed system can be at once introduced ...	76
283.	Period of first contract ...	<i>ib.</i>

CHAPTER VIII.

IMPORTED AND OTHER 'FOREIGN' LIQUORS.

288.	The liquors included under this head ...	78
290.	'Foreign' spirits made in the Province ...	<i>ib.</i>
294.	The Jubbulpore Brewery ...	79
298.	'Foreign' liquors made in other Provinces ...	81
304.	Liquors imported from abroad ...	83
306.	Retail vend ...	84
310.	Comments on the system ...	85
316.	The Madras policy ...	86
317.	Arrangements proposed ...	87
326.	Methylated spirit ...	88

CHAPTER IX.

COUNTRY FERMENTED LIQUORS.

PARA.	PAGE.
330. The liquors falling under this head	90
334. Past administration of the <i>tari</i> revenue in the Central Provinces ...	91
338. And in Berar	92
341. Present arrangements—Central Provinces	93
342. And in Berar	94
344. The causes of the fall of revenue discussed	<i>ib.</i>
354. Proposals	97
357. The splitting up of contracts	98
358. The Tree-tax system	<i>ib.</i>
371. The Shop-to-shop system	102
373. Special arrangements necessary in Chanda	103
376. Rice beers	104
383. Past efforts at control	107
386. The possibility of future control	<i>ib.</i>
390. Another fermented liquor that is not at present liable to taxation ...	108

CHAPTER X.

HEMP DRUGS.

392. Administration in the Central Provinces up to the date of the Hemp Drugs Commission	109
394. The Commission's recommendations	110
395. The action taken thereon	<i>ib.</i>
402. Effects of these changes... ..	112
404. Administration in Berar up to the date of the Hemp Drugs Commission ...	113
405. The Commission's recommendations	<i>ib.</i>
406. The action taken thereon	<i>ib.</i>
408. Existing arrangements	114
409. Some comments on the system	<i>ib.</i>
410. Its opportunities for loss... ..	115
419. Estimate of the net loss through these arrangements	118
421. The Central Provinces wholesale system	119
422. The retail system	<i>ib.</i>
423. The number of shops	120
425. Arrangements with Feudatory States	<i>ib.</i>
426. Comments on the arrangements in Berar	121
428. Facilities for smuggling, and the sources of smuggling	<i>ib.</i>
429. Proposals	124
430. Supply—Three alternatives suggested	<i>ib.</i>
434. A further alternative—contract supply	125
435. Its adoption recommended	126
436. Possible objections—increase of cost, and the feasibility of storage in boxes ...	<i>ib.</i>
439. Rate of duty	128
440. The danger of more serious intoxicants replacing <i>ganja</i>	<i>ib.</i>
441. Retail sale	<i>ib.</i>
442. Prevention of smuggling	129
446. Import by private persons	131
447. <i>Bhang</i>	<i>ib.</i>
452. <i>Charas</i>	133
456. <i>Majum</i>	134

CHAPTER XI.

OPIUM ARRANGEMENTS EXISTING AND PROPOSED ...

CHAPTER XII.

THE PREVENTION OF OPIUM SMUGGLING ...

} Printed separately.

CHAPTER XIII.

ESTABLISHMENTS.

PARA.		PAGE.
457.	A complete reorganisation of the Excise staff necessary	135
459.	An Excise establishment should be strong and specialised	<i>ib.</i>
462.	The practice in other Provinces varies, but the tendency is toward specialization	137
464.	The difficulties of a middle course	138
465.	General conclusions	<i>ib.</i>
466.	The Central Provinces staff the weakest but one in India	<i>ib.</i>
467.	Its various branches	<i>ib.</i>
472.	Departments that render assistance	141
473.	The Berar staff	142
475.	Total cost of these establishments	143
476.	The establishment proposed will be "ultimate" and "immediate"	<i>ib.</i>
477.	The revenue likely to be realized	<i>ib.</i>
478.	The fair percentage of expenditure	<i>ib.</i>
479.	The cost of an establishment on the Madras model	144
487.	This staff out of the question at present	145
488.	The Bengal system recommended	146
489.	Cost of an establishment on the Bengal model	<i>ib.</i>
500.	Assistance to be rendered by other departments	148
501.	Recruitment and promotion	149
502.	Inspection	150
505.	Training of distillery officers	<i>ib.</i>

CHAPTER XIV.

THE LAW RELATING TO EXCISE AND OPIUM.

506.	The law in force in the Central Provinces needs revision before it can be extended to Berar	151
507.	Its defects	<i>ib.</i>
514.	The Berar Excise and Hemp Drugs Law	152
515.	Act XVI of 1863	<i>ib.</i>
516.	The Opium Act	153
517.	The changes possible	<i>ib.</i>
518.	The provisions necessary in any new law	<i>ib.</i>
520.	The reform of the systems need not be delayed	154
522.	Rules having the force of law	<i>ib.</i>
525.	The rule-making sections necessary	155

CHAPTER XV.

ARRANGEMENTS WITH ZAMINDARIS, FEUDATORY AND NATIVE STATES, AND
OTHER ADMINISTRATIONS.

527.	The Central Provinces Excise revenue exceptionally exposed to smuggling from areas of four kinds	156
529.	Zamindaris ; the history of their Excise rights	<i>ib.</i>
539.	The work remaining to be done	160
540.	Feudatory States ; their arrangements in respect of Excise	161
550.	Previous reviews of these arrangements	164
551.	The Committee's recommendations	165
554.	Native States... ..	166
561.	Other Administrations	169
562.	The necessity for notifying changes	170

CHAPTER XVI.

SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS.

PARA.		PAGE.
563.	Country spirits	171
566.	'Foreign' liquors	<i>ib.</i>
568.	Country fermented liquors	172
571.	Hemp Drugs	<i>ib.</i>
573.	Opium	173
574.	Retail shops	<i>ib.</i>
576.	Establishments	<i>ib.</i>
578.	Law	174
579.	Zamindaris, Feudatories, Native States and other Administrations ...	<i>ib.</i>

APPENDIX I.—MAPS.

- (a) Map illustrating the existing country spirit arrangements in force in the Central Provinces and Berar.
- (b) Map illustrating the arrangements proposed for ultimate adoption.
- (c) Map illustrating the arrangements proposed for immediate introduction.

APPENDIX II.—COMMITTEE'S PROCEEDINGS.

PART I.—MEETINGS WITH DISTRICT OFFICERS.

	PAGE.
(a) Chhattisgarh Division, held on the 16th March 1904	1
(b) Nagpur Division do. 21st do.	3
(c) Do. do. do. 22nd do.	4
(d) Berar do. 24th do.	5
(e) Jubbulpore Division do. 29th do.	8
(f) Nerbudda do. do. 6th April 1904	10
(g) Do. do. do. 7th do.	11

PART II.—SPECIAL MEETINGS.

(a) Central India Agency, held on 21st February 1904	13
(b) Gangpur State do. 12th March 1904	<i>ib.</i>
(c) Chhattisgarh Feudatories do. 17th do.	14
(d) Chanda District do. 20th do.	<i>ib.</i>
(e) Opium Smuggling do. 5th July 1904	15

PART III.—WRITTEN COMMENTS RECEIVED ON THE
COMMITTEE'S PROPOSALS.

(a) Note on the Excise Committee's proposals by the Commissioner, Nagpur Division, dated the 23rd March 1904	15
(b) Note on the Excise Committee's proposals by the Deputy Commissioner, Balaghat, dated 16th March 1904	17
(c) Committee's reply thereto, No. 130, dated 25th March 1904	19
(d) Balaghat Deputy Commissioner's reply, No. 1462, dated 8th April 1904	20
(e) Letter from Deputy Commissioner, Narsinghpur, dated 18th April 1904	21
(f) Extract from a demi-official letter from the same officer, dated 18th June 1904	24

APPENDIX III.—EXTRACTS FROM CORRESPONDENCE, &c.

PART I.—COUNTRY SPIRITS.

(a) Extract from a report written by Mr. J. Weinberg, Chemist to the Rosa Distillery, Shahjahanpur, for the Hon'ble the Chief Commissioner of Assam, regarding the deleterious elements in country spirit	25
(b) Note written for the Excise Committee by Mr. D. G. Mitchell, I C.S., Assistant Commissioner, Jubbulpore, on the native processes of distillation	29
(c) Copy of Schedule I to the Spirits Act, 1880	35

(d) Reports of analyses of <i>gur</i> made from <i>mahua</i> by the Curator, Indian Museum, Messrs. Carew & Co., Shahajahanpur, and Messrs. Parry & Co., Nellikuppam, Madras Presidency	PAGE. 38
---	-------------

PART II.—*TARI* AND COUNTRY FERMENTED LIQUORS.

(a) Extracts of correspondence regarding the introduction of the tree-tax system into Bengal, the United Provinces and Mysore—	
(i) Letter from the Secretary to the Government of Bengal, No. 669T-F, dated 18th June 1900, ordering the abandonment of the proposal to introduce the tree-tax system into that Presidency	40
(ii) Note by the Commissioner of Excise on the trial of the tree-tax system in the United Provinces	41
(iii) Memo from the Commissioner of Excise, Mysore, dated 9th May 1904, on the tree-tax system of administration of the toddy revenue in Mysore ..	42
(b) Composition of country fermented liquors—	
Letter from the Superintendent, Indian Museum, Industrial Section, Calcutta, No. ⁵¹ / _{XXIV} , dated 14th May 1904, reporting on the result of the analyses of certain samples of <i>pachwai</i> and <i>sugda</i> manufactured in the Sambalpur district	46

PART III.—LAW.

Note on the proposed amendment of Act XII of 1896.. .. .	47
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APPENDIX IV.—STATEMENTS AND DIAGRAMS.

I.—General Statement of the Excise revenue of the Central Provinces under the various heads for a series of years	57
II.—General Statement of the Excise revenue of Berar	58
III.—Statement showing the revenue derived from country spirits under the different systems of Excise in force in the Central Provinces	59
IV.—Statement showing the revenue derived from country spirits under the different systems of Excise in force in Berar	60
V.—Diagram comparing the variations in the country spirit revenue with those in the area under cultivation, the prices of food grains and the number of prosecutions for Excise offences in the Central Provinces	61
VI.—Diagram comparing the variations in the country spirit revenue with those in the area under cultivation, the prices of food grains and the number of prosecutions for Excise offences in Berar	62
VII.—Diagrams comparing the course of the country spirits revenue in the different Commissioners' Divisions	63
VIII.—Statement of Sadar Distilleries in the Central Provinces with particulars showing the area supplied by them, issues and license fees	64
IX.—Statement showing the area and population per liquor shop in each district of the Central Provinces and Berar as compared with districts in other Provinces..	65
X.—Statement showing the estimated cost of manufacture of liquor at the Akola Distillery	66
XI.—Statement showing the estimated cost of transport of spirit to warehouses in the Nagpur Division	67
XII.—Statement of licenses granted for sale of foreign spirits and revenue derived therefrom in the Central Provinces	68-69
XIII.—Statement of licenses granted for sale of foreign spirits and revenue derived therefrom in Berar	70
XIV.—Statement of <i>tari</i> shops and revenue derived from the same in the Central Provinces	71-72
XV.—Statement of <i>tari</i> shops and revenue derived from the same in Berar ..	73
XVI.—Statement of <i>ganja</i> cultivation, consumption and revenue in the Central Provinces	74-75
XVII.—Statement of <i>ganja</i> consumption and revenue in Berar	76-77

XVIII.—Statement showing consumption of <i>ganja</i> by districts in the Central Provinces ..	PAGE. 78
XIX.—Statement of opium consumption and revenue in the Central Provinces ..	} Printed separately.
XX.—Statement of opium consumption and revenue in Berar ..	
XXI.—Statement of offences under the Excise and Opium Acts in the Central Provinces...	80-83
XXII.—Statement of persons prosecuted, convicted and imprisoned, and of fines imposed under the Excise and Opium Acts in the Central Provinces	83
XXIII.—Statement of prosecutions in Berar under the Excise, Opium and Hemp Drugs Laws	85
XXIV.—Statement of existing Excise establishments in the Central Provinces and Berar ..	86
XXV.—Statement showing the scheme of establishments proposed for ultimate adoption ..	87
XXVI.—Statement showing the scheme of establishments proposed for immediate adoption	88
XXVII.—Statement showing the establishment proposed for the prevention of opium smuggling	89

CHAPTER I.

Introductory.

1. The appointment of a small Committee for the purpose of investigating and suggesting improvements in the Excise system of the Central Provinces was first proposed in Chief Commissioner's Proceedings No. 3893, dated 2nd September 1903, reviewing the report on the administration of the Excise revenue for 1902-03, in which stress had been laid on the unsatisfactory nature of the existing Excise system, especially in regard to country spirit, and on the desirability of its early reform. The proposal was then subject to the prospects of a good harvest being maintained. It took definite shape in Chief Commissioner's Proceedings No. 5516, dated 5th December 1903, which is reproduced below for facility of reference :—

2. "The Chief Commissioner has determined to appoint a Committee to investigate the Excise system of the Central Provinces, including the Berar districts, and to suggest improvements therein. The Committee will visit the head-quarters of each Division, and consult Commissioners and Deputy Commissioners, visiting also districts where local enquiry may appear to be called for. Their enquiries will be thorough and far-reaching, and will embrace every branch of Excise administration.

Amongst other subjects, the Committee will pay special attention to the following :—

- (1) the possibility of extending the Madras Bonded Warehouse system for country liquor ;
- (2) the separation of the retail and the wholesale vend monopolies of country liquor under the above system, and the sub-division of the former among several contractors ;
- (3) the possibility of reducing the number of distilleries and the substitution of bonded warehouses for distilleries where means of communication and other local circumstances permit ;
- (4) the possibility of reducing the area served by out-stills and of reducing the number of stills in the area in which the out-still system has to be retained, with special reference to the smuggling facilities afforded by the proximity of Native States in certain localities ;
- (5) the extent to which the number of stills can be reduced in the zamindaris the management of Excise arrangements in which are now undertaken by the State ;
- (6) the desirability of levying duty at all central distilleries on the liquor issued, according to strength, instead of on the *mahua* used for distillation ;
- (7) the reasonable increase of facilities for the supply of rum and other spirits manufactured in India after the European method to those who wish to obtain it in preference to *mahua* spirit ;
- (8) the advisability of reducing or raising the rates at which opium is supplied to retail vendors in districts which border on other Provinces or Native States, where the duty is lower or higher, respectively, than that levied in the Central Provinces ;
- (9) the advisability of altering the present system under which wholesale vendors of *ganja* are retail vendors of *bhang* and *charas*.

The Committee should further consider the possibility of assimilating the Excise systems of the Central Provinces and Berar, and the question of what legislation would be necessary to achieve this result.

The members of the Committee will be—

Mr. C. G. Todhunter, I. C. S., of the Madras Commission, President.

Mr. Marshall, I. C. S., Commissioner of Excise, Central Provinces.

Mr. Jageshwar Bapuji, Extra Assistant Commissioner, Central Provinces.

The report should be submitted by the 29th February next, if possible."

3. It was further ordered that the Excise Commissioner's work on the Committee would be in addition to his ordinary duties.

Course of enquiry.

The other members joined him at Nagpur on the 14th and 16th December, respectively, and the Committee commenced its enquiries at once. It soon became evident, however, that owing to the number of subjects and the amount of travelling involved, it would be impossible for it to complete the thorough and far-reaching investigation required of it by the close of February, and, moreover, that it would be productive of much inconvenience to call in all Deputy Commissioners at that season of the year, when many of them were distant from head-quarters on their cold weather tour. It was therefore arranged, with the Chief Commissioner's approval, that the Committee should first make a preliminary tour of typical districts and draw up the general outline of their proposals, and that they should then circulate these to Commissioners and Deputy Commissioners with a programme of a second tour, in the course of which they would meet them for discussion of the preliminary scheme at divisional head-quarters.

4. The Committee's preliminary tour commenced on the 23rd December.

Preliminary tour.

Proceeding first westward, they inspected the sadar distilleries at Wardha, Hinganghat and Warora, besides a number of shops and out-stills, and several of the large groves of *sindhi* trees in the Wardha district. They next visited the large distillery at Akola and the shops in that neighbourhood. Proceeding thence to Khandwa, they inspected the *ganja* storehouse, and were in time to witness the close of the *ganja* harvest. They also inspected the sadar distillery at Khandwa and a number of shops, and made enquiries into the arrangements on the Indore border. They next visited Hoshangabad for the purpose of making similar enquiries into arrangements on the Bhopal border, and inspected the sadar distillery there, and returned on the 14th January to Nagpur to report themselves to the Chief Commissioner, who had meanwhile returned to head-quarters. Starting again on the 16th January by the eastern route, they visited Raipur, Bilaspur, Sambalpur, Katni-Murwara and Jubbulpore, and inspected central distilleries at these places as well as some out-stills and a number of shops, and made other enquiries into matters connected with excise, more particularly the manufacture of *pachwai* in Sambalpur and the frontier arrangements in that district and Jubbulpore.

5. This practically completed their preliminary tour, and they proceeded at

Issue of draft scheme.

once to the preparation of a draft scheme, which was issued on the 5th March under the title of a "Note on Abkari Changes." This note embodied, at the request of some of the local officers who had professed their inexperience in the matter, a full discussion both of general principles and of local proposals so far as the chief item, country spirits, was concerned. The Committee added in a separate letter a brief outline of their proposals in other respects. While it was in the press, the Committee took the opportunity of visiting Mandla, which they had selected as a typical out-still district with the greatest proportion of shops to population in the Province, and Narsinghpur, which shows the opposite features, besides being of interest from a frontier point of view and on account of its large number of *sindhi* trees. They also inspected Messrs. Mackinnon and Company's brewery at Jubbulpore, and discussed proposed alterations in the brewery rules with Mr. Mackinnon and his manager.

6. A second matter which demanded their attention was the arrangements

Discussion of frontier
arrangements with Political
Officers and representatives
of Native States.

to be made with Native States on the borders of the Province. To ensure a speedy solution of outstanding questions, the Committee proposed that they should be authorized to meet representatives of these States for their discussion, and the Resident at Hyderabad, the Agent to the Governor-General in Central India, and the Lieutenant-Governor of Bengal were addressed accordingly. The Government of His Highness the Nizam was unable to depute any officer to meet the Committee. By the courtesy of the Agent to the Governor-General in Central India, the President of the Committee was enabled to meet the Resident in Indore and the Political Agent at Bhopal under his presidency at Indore on the 21st February, and an agreement

was arrived at, which it is hoped will be found satisfactory to all parties. He was also enabled in the course of the same visit to see something of the working of the Indore Opium Agency. The Lieutenant-Governor of Bengal issued instructions for representatives of any of the Chota Nagpur States or Orissa Tributary Mahals to meet the Committee that they might think necessary, and they met the Dewan of Gangpur, which was selected as a typical State, at Bilaspur on the 12th March.

7. The Committee's second tour commenced at Raipur on the 14th March, and embraced the head-quarters of the Raipur, Nagpur, Berar and Jubbulpore Divisions, and concluded at Pachmarhi, where the Deputy Commissioners of the Nerbudda Division were assembled. The Commissioner of the Division presided in each instance at the regular meetings, and the Committee met and heard the opinions of seventeen out of the twenty-four Deputy Commissioners in the two Provinces, including six officers who had at one time or another held the office of Excise Commissioner. Of the officers who were unable to attend a majority either sent representatives or written notes or had met the Committee in their preliminary tour.

8. In addition to these general meetings the Committee held three special ones, one with the Political Agent, Chhattisgarh Feudatories, for a discussion of matters affecting the Feudatory States under his control, one with the Deputy Commissioner, Chanda, to consider the peculiar arrangements of the Chanda district generally and matters affecting the Maria Gonds in particular, and one with the Inspector-General of Police to consider the steps to be taken in connection with the prevention of opium smuggling. They had also the benefit of an informal discussion on technical matters connected with distilling with Mr. Weinberg, the Chemist of the Rosa Distillery, who was making enquiries on behalf of the Chief Commissioner of Assam into the matter of the improvement of the liquor supply of that Province.

9. Except for the last two meetings, which were held at Pachmarhi on July 5th and 23rd, respectively, the Committee's second tour was concluded on April 7th, and, the general outlines of the scheme put forward by them having received the approval of the Chief Commissioner as well as of the local officers, the President was instructed to draw up, in consultation with the Excise Commissioner, a detailed report to be accompanied by a draft of the law and all the rules and orders necessary to carry their recommendations into effect, and was retained at Pachmarhi for that purpose, as well as to make certain further enquiries necessary to the introduction of the scheme. He was also asked to advise while there on several other matters of importance from an excise point of view, including the policy to be observed in respect of spirit manufactured after the European method, the amendment of Act XII of 1896, and the smuggling of *ganja* from the Jeypore zamindari of Madras. Mr. Jageshwar Bapuji had meanwhile, *viz.*, on the 22nd March, returned to his ordinary duty as an Extra Assistant Commissioner. Assistant Commissioner Mr. Mitchell was posted with effect from the 27th May to assist the President in the drafting of the rules and orders. He also rendered him much assistance in the scientific part of the work.

10. The following chapters embody the report drawn up under these orders. The report proper is contained in Part I. It has taken some time to complete, owing chiefly to the fact that some of the most important materials were not received till the close of July, and is somewhat lengthy in parts, more particularly where it deals with the history of systems adopted in the past or previous discussions of systems now recommended. As, however, these chapters represent the result of a laborious compilation of records of many of which no indexes exist, it has been thought better to leave them as they stand as a basis for future reference. In Part II the notes of the Committee's meetings and some written comments received from local officers are printed as an appendix, together with a number of statistical tables and some extracts from correspondence. Part III will contain drafts of the Act, notifications, and orders necessary to carry the scheme into effect.

11. The Committee beg to tender their acknowledgments to the officers controlling the Excise departments of other Provinces, who have on every occasion complied most readily with their many requests for information, and more particularly to the Commissioner of Salt, Abkari and Separate Revenue, Madras, to whom they are indebted for the loan of the apparatus necessary for dealing with the technical part of the subject, also to the Superintendent and Curator of the Industrial Section of the Indian Museum for analyses made for them, and to Mr. J. Weinberg, Chemist of the Rosa Distillery, Messrs. Parry & Co., Madras, and Assistant Commissioner Mr. Mitchell for valuable advice on the analytical and scientific part of the subject. In the preparation of the draft rules and orders they have borrowed largely from the manuals in use in other Provinces, more especially those in force in Bengal, Madras, the United Provinces, and the Punjab.

In conclusion the Committee trust that they will not be found to have fallen into any error in the criticisms they have found it necessary to make on the systems employed in other Provinces, sometimes on somewhat inadequate information, in the process of selecting those of them that appear to be most suitable to the circumstances of the Central Provinces and Berar.

CHAPTER II.

Current Theories of Excise Taxation in India, with special reference to the circumstances of the Central Provinces and Berar.

As stated in the introductory chapter, the Committee's preliminary scheme was prefaced, at the request of some of the local officers, by a statement of general principles. In drawing this up, the Committee were necessarily limited by the references available to them at the time. It appears, however, to have served its purpose, and, as it does much to explain the proposals that follow, the Committee think it advisable to reproduce it here.

12. "Men drink alcoholic solutions for three reasons—to satisfy thirst; to gratify taste, and to produce a direct effect on the brain."*
Reasons for which men take intoxicants.

13. Generally speaking, all natives of India of the higher classes are prohibited by religious or caste rules as well as by the feeling of the community from taking intoxicating liquors at all, and their consumption is confined to the lowest classes. It is true that with the advance of civilization a taste for intoxicating liquors has of late years spread to some among the higher classes also, but, where this has happened, it is universally regarded as a thing to be deplored; and it may be safely said that the great majority of the natives of India who take intoxicating liquors take them solely for the effect on the brain.
In India generally for the effect on the brain.

14. This being the case, the Secretary of State has laid down the policy to be observed in taxing intoxicating liquors in India as follows:—
Current theory of taxation. Orders of the Secretary of State.

"In the interests of the Indian people as well as in the interests of the Indian treasury, the Excise system of India must always be based upon the considerations—

(1) That an extension of the habit of drinking among Indian populations is to be discouraged.
Minimum consumption and maximum revenue.

(2) That the tax on spirits and liquors should be as high as may be possible without giving rise to illicit methods of making and selling liquor.

Subject to the above considerations, as large a revenue as possible should be raised from a small consumption of intoxicating liquors."†

15. In the case of opium and intoxicating drugs a similar policy obtains, though in this case the reasons for consumption are somewhat different, being, in addition to the effect on the brain, the real or supposed prevention of disease.
Similar policies laid down in regard to opium and drugs by the Opium and Hemp Drugs Commissions.

The Opium Commission describes the systems in force as "being designed to place the habit under restriction and to raise, if one may adopt a phrase that has become popular in connection with such topics, the maximum revenue from the minimum consumption;"‡ and the Hemp Drugs Commission define the policy of the Government in the case of intoxicating drugs made from the hemp plant as being "to control their use, and especially their harmful use, in such a manner as to avoid a worse evil, and, subject to this proviso, to tax them as fully as possible."§

16. The same policy has been repeatedly affirmed and re-affirmed by successive Chief Commissioners of the Central Provinces since they were constituted a separate Administration.
And by successive Chief Commissioners of the Central Provinces.

In 1862 Sir Richard Temple says—

"This (the abkari) revenue has steadily increased for some years past, and, it is to be feared, however contrary to the intentions of Government, that our

* Reid's *Alcoholism*, page 72.

† Secretary of State's Despatch No. 28 Rev., dated 19th April 1888.

‡ Final Report, para. 33.

§ Report of the Hemp Drugs Commission, para. 587.

system has had the effect of increasing the vicious use of intoxicating liquor. After anxiously considering this point, the Officiating Chief Commissioner has determined on introducing the Sadar Distillery system.

It is the least objectionable system in a moral point of view, and it is expected that, while vicious drinking will decrease, revenue will not suffer.”*

In 1887 Sir Alexander Mackenzie says—

“The policy of Government is not to stimulate consumption, but to make every bottle of liquor drunk or every ounce of *ganja* or opium consumed as dear as may be, and as largely contributory as possible towards the making of roads and opening of schools.”†

In 1894 Sir John Woodburn, in commenting on the effect of the introduction of the Bonded Warehouse system by Sir Antony Macdonnell, “desires to arrest the sustained attention of every Deputy Commissioner in the Province to the striking outcome of this bold experiment, by which the consumption of spirit has been successfully reduced by one-half,” and orders its extension, though it has resulted in a loss of revenue, remarking: “But the loss is not great and the advantages of the system in restricting consumption by higher prices and in making possible a closer control over manufacture and issue are more than sufficient, in the Chief Commissioner’s opinion, to outweigh any such initial financial loss.”‡

The same principles are repeatedly laid down, in somewhat less emphatic terms, in subsequent correspondence and orders.

17. The systems that have been adopted to secure the realization of the maximum of revenue from a minimum consumption in India and other countries have been very various, more particularly in India, where continuous efforts have been made in this direction for over a century. They have figured under many names, and many varieties under the same name, and have had very varying success, sometimes resulting in a liquor famine, at others (generally in reactions from the former) in an undoubted increase in drunkenness.

18. It would be unprofitable to discuss them all.§ It is sufficient to say here that all that have had any lasting measure of success divide the duty of excise into two parts, one a direct duty on consumption, the other a fee for the privilege of vend.

19. The adjustment of these depends on the price which the poorest class of consumers, that is in India generally the rural class, can afford to pay.|| It is clear that the direct duty on the consumption must not exceed this. At the same time there is a large margin between that and the price which the richest consumer can afford, and, to carry out the policy enunciated by the Secretary of State, as large a part as possible of this margin must be secured to Government.

20. It is obviously impossible for practical reasons to secure this by a varying duty on the consumption, which, moreover, must inevitably lead to smuggling, unless the areas in which different rates are in force are large and well defined. It remains to secure it by varying fees for the privilege of vend.¶

21. To secure the highest possible prices for these privileges, as well as to reduce consumption and aid in the prevention of offences, it has been found advisable to limit the number of places of vend, to place restrictions on private possession, and to require intoxicants purchased to be either consumed on the premises or removed in quantities not more than sufficient for a few days’ consumption. Even so it is not practicable for a Government officer to exactly appraise the value of these licenses. It is of course possible to restrict consumption and

* Revenue Report of the Central Provinces for 1861-62, para. 217.

† Review of C. P. Excise Report for 1886-87, para. 4.

‡ Review of C. P. Excise Report for 1883-94, para. 3.

§ An account of them will be found at pages 76 *et seq.* of “A collection of papers relating to the Excise Administration of India, 1890.”

|| Cf. Review on Central Provinces Excise Report for 1877-78, para. 4; C. P. Excise Manual, 1875, p. 22.

¶ Cf. Review on C. P. Report for 1874-75, para. 8; Review on C. P. Report for 1877-78, para. 2; C. P. Excise Report for 1880-81, paras. 16 and 30.

increase the revenue—as has been done in several of the United States of America—by very high fixed fees, but a system of all-round high license fees is not applicable to the circumstances of an Indian population, since it would inevitably result in the absence of all licenses except in the large centres of population.

22. The only means that has been found practicable in India of securing the maximum revenue under this head is one of auctioning the right of sale every year. To quote Sir Charles Crosthwaite's Review of the Excise Administration Report for 1884-85 :—"The duty taken at Sadar distilleries is not the highest duty which could be taken if they were only to supply the tract of country immediately around them, and it has to be regulated with reference to the final cost of liquor at the most distant place which such distilleries supply, and hence auction sales of the rights of retail vend in circles are almost the only manner in which the prices between the most distant place and the place where the distillery is can be regulated."*

23. Inasmuch, however, as the consumption of intoxicants is very largely affected by causes affecting the prosperity of the people,† the system of sales by auction must inevitably have a considerable element of gambling in it in a country where this prosperity depends so largely on the seasons. To reduce this it is desirable to "make the duty the main factor in taxation"‡ in other words, to gradually enhance the still-head duty "until eventually license fees become little more than registration fees."§ In course of time, when the fixed duty has been increased to the limit and the value of the various rights of vend sufficiently ascertained, it may be possible to avoid the element of gambling altogether by substituting for auctions either fixed fees that represent in each case fairly accurately the value of the privilege, or one of settlement similar to that adopted in the case of the land revenue.|| No Province has, however, yet given either of these systems a sufficiently extended trial to be able to pronounce definitely in its favour.

24. It is essential to the adoption of a system that makes this division of the taxation that the privileges of manufacture and vend of intoxicants should be separated.¶ If this is not done there will follow, under a system of free trade in supply, violent competition between manufacturers, resulting in a great forcing of the consumption of intoxicants, followed, as soon as one manufacturer has the upper hand or a ring is formed, by a restriction of supply and a large enhancement of price; while under a system of monopolies it is almost inevitable that the monopoly contractor should confine his attention to the more paying portion of the area comprised in his monopoly to the neglect of the rest. These are all results that are to be avoided, if possible, both for the prevention of drunkenness and demoralization through disregard of the law, and for the sake of the revenue.

25. For similar reasons the contracts for supply and sale of different classes of intoxicants should be kept strictly separate. If they are not, the contractor is under temptation to force the sale of the intoxicant (often the most injurious) which will yield him the greatest profit, with the result that the consumer is deprived of what he requires and the Government revenue is reduced.**

26. The privileged vendors thus selected and controlled may be supplied with intoxicants for sale either directly by Government, Systems of wholesale supply. under contract with Government, or under competition by private persons subject only to payment of duty. All the three systems are still under trial, and none has yet established its superiority under all circumstances.

* Cf. also Review of C. P. Excise Report for 1876-77, para. 6; *idem*, 1877-78, para. 5; *idem*, 1880-81, para. 30; Government of India Despatch No. 166, dated 25-6-87; Hemp Drugs Commission Report, para. 635; and Finance and Commerce Department Letter No. 1925-S.R., dated 30-4-96.

† Cf. C. P. Excise Report for 1879-80, para. 2.

‡ Cf. Finance and Commerce Department Letter No. 1234 Ex., dated 12-3-1898.

§ Order of the Madras Government No. 40, dated 25th January, 1895.

|| Cf. Report on the Excise Administration of the United Provinces, 1901-02, para. 7.

¶ Cf. C. P. Excise Report for 1892-93, para. 22.

** Cf. Madras Excise Manual, para. 51.

27. Theoretically the latter system has the balance of advantage.* "It affords encouragement to producers to lay out capital in the adoption of the most recent improvements in the methods of manufacture without the fear, so long as they comply with Excise regulations, of having the right taken out of their hands; by reducing the cost of intoxicants it increases the margin left for the Government taxation out of the price realizable from the consumers, and it enables licensed vendors to exercise some choice as to the producers from whom they purchase their intoxicants, and thus to some extent to suit the tastes of the consumers,"† and it implies a minimum of interference with trade.

28. But it can only be successful where there is equal and effective competition at work, and this is very difficult to secure in the case of liquors in India, where distilleries are found in every stage of development from the native potstill using palm juice or the *mahua* flower as a base to large sugar refineries fitted with the latest machinery and using only their waste product. To bar the latter from competition, as is done in Bengal and the United Provinces, is to deprive the Government and the consumer of the great advantages of price and purity afforded by the employment of capital. To allow unequally equipped distilleries to compete, on the other hand, is liable to result, as in Madras, in a period of violent competition followed by a practical monopoly. The Punjab Administration alone would appear to have succeeded in securing fairly equal competition coupled with modern methods of distillation.

29. The direct opposite of this system is one of direct supply on account of Government. This has been tried in the case of spirits in South Carolina, where political reasons interfered with its free operation, and, with a greater measure of success, in Switzerland and Russia. In Switzerland it is claimed for the arrangement that it has increased the purity of the spirit and decreased the consumption by 25 per cent, but it has also decreased the revenue.‡ In regard to the Russian experiment, Messrs. Rowntree and Sherwell find that "the better quality of the brandy, the considerable reduction in the number of places of sale, the establishment of uniform prices strictly proportionate to the quantity sold, the impossibility of procuring alcoholic drinks except for ready money, all these advantages, and others which are brought about by the rectification and sale of spirits under the care of the State, have already practically demonstrated their happy influence."§ They find a danger, however, in the fact that "the administration of the law may fall into the hands of those who will care only to bring about an immediate increase of revenue, and who, as officers of the State, will be armed with the power of modifying arrangements so as to increase consumption."||

30. This is not a danger that need be feared in the case of the Government of India, and accordingly the Opium Commission, which had the question of the Government monopoly in that article prominently before it, reported:—"The Bengal monopoly seems to us the best system for regulating the production of opium in British India,"¶ describing it elsewhere as "the most restrictive position, short of prohibition, which the Government can adopt towards internal consumption,"** and the monopoly has accordingly continued. In considering the adoption of a similar system in regard to intoxicating drugs, the Hemp Drugs Commission declared †† that they could not discover any well-founded objection to it on the ground of public morality, and that the Government need not be deterred from adopting it on this ground, if the practical objections they found at the time of writing should, in regard to any part of British India, either then or at any future time, be deemed to be of less weight than the Commission had attached to them. The advantages of a Government

* Cf. Mr. Buckland's Report on the Bombay and Madras systems, 1888, pp. 62 and 65.

† Mr. Holms's Report on the system of manufacture and sale of exciseable liquor in Madras, p. 7.

‡ Rapport du conseil fédéral à l'assemblée fédérale concernant la gestion et le compte de la régie des alcools pour l'exercice de 1887-88, p. 125.

§ "The Temperance Problem and Social Reform," page 229.

|| *Ibid*, page 233.

¶ Final Report, para. 273.

** *Do*, para. 174.

†† Report of the Hemp Drugs Commission, para. 589.

monopoly are briefly stated by the same Commission :—"that the control of supply, quality and price of the drug would be more complete ; that Government would secure the profits now enjoyed by wholesale vendors or other middlemen ; that consumption would be limited to the minimum demand ; and that the cultivators of the plant would be in a better position in having to deal direct with Government." *

31. The disadvantages were partly special to a scheme for the supply of the whole of India they had more particularly under consideration. The general ones were the perishable nature of the commodity, the amount of work that would be involved on the superior servants of Government, and the fact that at the time they wrote the hemp drugs administration was in a backward state and the arrangements by no means ripe for the assumption by Government of operations conducted by private enterprise under conditions but imperfectly ascertained.*

32. It is a matter for consideration as regards *ganja* whether these objections have not been sufficiently removed. In the case of spirits, however, there are cogent objections still in force, namely, the fact that the manufacture, like any other large trade venture, will undoubtedly be more economically conducted by private persons than by Government, and the fact that a Government monopoly would involve a restriction of private enterprise in a matter that intimately concerns an important industry, namely, that of sugar refining.

33. There remains the alternative of contracts. If these are for supply only and are separated from those for retail vend, Government can still secure the advantages above detailed in regard to control of supply, quality and price and limitation of consumption, and the middlemen can be to a great extent eliminated. At the same time competition among capitalist distillers for the contracts will give the advantage of their more economical methods of manufacture, and the fact that supply at a fixed price is assured will promote competition for the retail shops. Of course, combination must be guarded against in this case also, but there is less danger of it and little real difficulty in avoiding it if the contracts are settled sufficiently far in advance.

34. To bring cultivation or manufacture of intoxicants under control, it is necessary to concentrate it at such places as are suitable for the purpose, with reference also to convenience of distribution and supervision by officers of Government.

35. If concentration is thus ordered for a Government purpose, it is necessary that the consumers adversely affected, namely those who live furthest from the place selected (who are often the least able to pay a high price), should not be sufferers on that account. This can of course be provided for by a general reduction in the rate of duty, but, as that is undesirable, a better arrangement is to distribute the cost of carriage to the various centres of supply over the whole of the issues, either in the shape of an addition to the sale price, or through contracts for distribution and sale at different centres at a fixed price which are paid for by Government according to the distances involved.

36. The means by which cultivation and manufacture can be controlled with a view to the levy of a fixed duty on the finished article are of course different for each intoxicant.

37. In the case of locally made beer and spirits three classes of checks are possible—(1) to maintain guards on the spot, (2) to require a fixed standard of outturn to materials, and (3) to maintain a strict system of control of the liquor produced by means of closed pipes and locks and keep a strict account of all production and issues. The first check is efficient only so long as the guards are honest, active and intelligent. The second is useful, but it is not possible to raise a fair duty on the attenuation of the wash except in the case of expert distillers, nor can

* Report of the Hemp Drugs Commission, para. 589.

it be applied in the case of all materials. The third check is the one that must be chiefly relied on in India, and, in view of the various processes that spirit goes through and of the wastages that occur through dryage, and in consequence of the fact that spirit contracts when added to water or spirit of a different strength, it involves a large amount of personal control and account keeping.

38. Little effort has yet been made to control the manufacture of *pachwai* and other similar intoxicants, as they are chiefly made by aboriginal tribes and have been generally considered comparatively harmless. Should it be necessary to bring their manufacture under control, it would have to be done either in some method similar to that adopted in the case of spirits, or by the levy of a yearly fee from each family which manufactures for home consumption.

Rice beers brewed after the native method.

39. In the case of *tari*, which it is impossible to warehouse, as it will not keep, the only method yet discovered of controlling production and putting a direct tax on consumption is what is known as the "tree-tax system," under which a fee is levied for each tree tapped and the tree marked, and tapping and transport controlled so as to ensure that the product passes direct to the shop for which it is intended.* It is further claimed for this arrangement, in the case of date palms, that by restricting tapping to good trees and making them really valuable to the tapper, it has the effect of saving many trees from destruction.

Tari.

40. In the case of opium and hemp drugs, concentration of cultivation, supervision of the processes of manufacture, and strict check of the quantity that pays duty against the quantity manufactured are the three things to be chiefly aimed at. A check of the quantity brought to store against the known yield per acre is also useful. These checks are applied in the case of opium so far as it is grown in British India by other Administrations. In the case of that imported from Native States the Government's chief concern is to secure the full duty levied on imports.

Opium and hemp drugs.

41. The fixed duty is levied on spirits in England either on the finished product or on the materials used, whichever yields the greater amount under a given standard of materials to production. This is impracticable in India owing to the great variations in the capacity of the distillers. A duty on the materials (or on the acreage in the case of *ganja* or opium) if fixed low, would give an unnecessary advantage to the competent manufacturer, and, if set at a high figure, would render the less competent unable to compete. A duty on the finished product minimizes these disadvantages.

The fixed duty should be levied on the finished product.

42. It is best levied in India at the time of issue, on account of the heavy wastage which many articles undergo in the course of storage. For this reason, as well as because many of the manufacturers are not capitalists, levy at the time of manufacture is not practicable.

It is best levied at the time of issue.

43. Where possible, it is desirable for Government, in controlling manufacture, to ensure, so far as it can, the absence of noxious ingredients in any intoxicant. In the case of opium and drugs there is nothing to be guarded against but adulteration. There is little danger of this, and it is moreover easily prevented. In the case of spirits a more difficult problem arises, and efficient machinery and materials and expert supervision are required to ensure purity. Even these are not a final prevention, and several continental Governments have enacted laws requiring chemical analysis and rejection or redistillation of all spirit that contains more than a fixed percentage of fusel oil or other impurities. In the case of *pachwai* and *tari* as at present manufactured, nothing but constant inspection will serve.

Steps to be taken to ensure freedom from noxious ingredients.

44. Supervision will in this latter respect be facilitated by the circumstance that, having regard to the fact that the native of India takes intoxicants chiefly for the sake of the effect on the brain, and not for taste, it will be advisable to issue them as plain as possible. For the same reason the direct duty levied should be as far as possible proportionate to the strength in each case. Experience shows

Spirits should be issued plain and the duty proportionate to strength.

* Cf. Mr. Buckland's Report on the Bombay and Madras systems, page 76.

that it is no advantage to the cause of temperance to tax weak spirits at disproportionately low rates.*

45. Distributing agencies are a necessary link between the manufacturer who cannot afford to issue or distribute his goods in small quantities and the petty renter or shopkeeper who cannot afford to purchase more than a small quantity at a time and goes long distances to obtain it. Many varieties have been tried under different systems. Distribution at a fixed price has been made direct by Government officers, or as part of a supply contract, or under separate contracts for sale at a fixed price as mentioned above, for which payment is made in inverse proportion to distance. Under other systems, again, contractors for retail sale are required to maintain their own distributing agencies, and under others free trade in distribution is practised, subject in some instances to the check afforded by Government stocks held at a fixed price.

46. The choice of the means of distribution depends on the other terms of the system adopted. Free trade in supply involves free trade throughout. Under a monopoly or contract system either that or supply by the Government or by contractors may be adopted. The chief factors to be considered are the effectiveness of the preventive force and the intelligence of the retail vendors. If these are of a fairly high order, free trade in distribution or supply of duty-paid goods by contractors may be satisfactory. If the retail vendor is likely to be defrauded and the preventive force is not sufficient for effective control, distribution by Government contractors or of goods issued in bond under Government control is more generally advisable, though involving a considerable increase in expense.

47. For control of retail vend it is necessary in the first instance to provide "that the number of places at which liquor and drugs can be purchased should be strictly limited with regard to the circumstances of each locality."† In effecting this limitation there is, in the words of the Review on the Central Provinces Excise Report for 1893-94, "no worse guide than a rule of theoretical uniformity."‡ In the words of another Review, "so much depends on the number of the drinking classes in different areas that nothing like uniformity can be expected; and the actual number of shops, together with the size of the circles in any given locality, are matters which cannot be fairly judged by tables."§ The number must be fixed primarily by officers of local knowledge aided by statistics of the number of persons of the drinking classes in the various localities dealt with, regard being had to the fact that, while sales are not unduly forced, regular consumers must have shops within reasonable reach, and there must be no such paucity of them as to drive them to illicit means of obtaining liquor.¶ In the words of the old Central Provinces Excise Manual, "unless liquor is made legally accessible, demoralization among the masses, worse in its results even than occasional excess, must ensue."¶ Where separate sale is in force, the proceedings of the auction room are as good a guide as any as to the necessity for the continuance of particular shops. Once the necessary number has been approximately ascertained, it is a saving of labour for some controlling authority to fix maxima and minima for each area and to allow local officers discretion within these limits.

48. In fixing localities, "Efforts should be made to ascertain the existence of local public sentiment and a reasonable amount of deference should be paid to such opinions when ascertained;" ** local bodies should be consulted, and the general rule should be observed that sites of shops should, as far as possible, be kept at a distance from market-places, bathing-ghats, schools, hospitals, places of worship, factories and places of public resort.†† Temporary licenses for sale at fairs and festivals should not be given except for very special reasons.‡‡

* Cf. Mr. Buckland's Report on the Bombay and Madras systems, page 63.

† Government of India Despatch No. 20, dated 4-2-90.

‡ Review of C. P. Excise Report for 1893-94, para. 2.

§ Review of C. P. Excise Report for 1876-77, para. 11.

¶ Review of C. P. Excise Report for 1889-90, para. 3.

¶ C. P. Excise Manual, 1875, p. 30.

** Government of India Despatch No. 20, dated 4-2-90.

†† Government of India Despatch No. 157, dated 25-5-89.

‡‡ Note by the Hon'ble Mr. Lely forwarded with Government of India letter No. 2455 S. R., dated 21-4-04.

49. The question whether the rights of vend should be sold singly or in the lump is again one the answer to which depends on the intelligence of the actual sellers. Nothing is more fatal to any system of excise than the creation of large retail vend monopolies, since the monopolist inevitably concentrates his attention on the more paying part of his monopoly area and leaves the outlying tracts to be supplied by the illicit distiller and the smuggler. On the other hand, a number of small shopkeepers, directly interested in sales, form a most effective addition to the preventive force, while their competition for the privileges largely increases the revenue.* "In large towns it is always preferable to auction the shops separately instead of placing all vend in the hands of a single monopolist."†

50. But there are some cases where it is necessary to group shops. In isolated instances it is necessary for the prevention of smuggling to maintain a licit supply when, on account of the facilities for obtaining supplies illicitly or for similar reasons, the profits to be derived from single shops are so small that the renters will not take them up by themselves. The grouping of such shops with others that give a good margin of profit will secure their being kept open. More commonly it is necessary to group shops in backward tracts for the reason that the real sellers are not sufficiently intelligent to make arrangements, and likely to ruin themselves by reckless competition if invited to bid. In this case grouping in circles is only an intermediate stage to the complete separation of all vend contracts, which should be ultimately aimed at. Pending this being done, the circles should be continuously reduced in size so far as possible.‡

51. Since no shop will be sanctioned except on proof of necessity, it should be clearly understood that it is to be kept open and a supply maintained throughout the period for which the privilege of vend is given. Closure should only be allowed for special reasons, as, for instance, the completion of an engineering work which had attracted a drinking public to the locality.

52. The importance of making the proceedings of the auction room absolutely final cannot be too strongly emphasised, and for this reason no countenance should be given to tenders after auction, or other offers of a like nature. Nor should any contracts be settled by private arrangement. If the bidders combine, the proper remedy is a re-auction, or, in the last resort, direct management. They will never bid the true value at auction if they once learn to believe that the auctions are not absolutely final. For similar reasons transfers after auction should be absolutely prohibited except on proof of very special reasons.§ If speculators are invariably compelled to work the shops they purchase, their speculations will speedily be checked.

53. A furthermost effective check on practices intended to reduce the revenue to the advantage of the vendor is the continuous record throughout the year by Excise officers of the values of the various privileges. If these records are properly kept and checked by the auction results of a series of years a very fair idea of the value of each shop may be formed, and auctioning officers will be able to decide on reserve prices for less than which they will not knock the privileges down.

54. After some years of single sale have thus fixed the prices it may very probably be possible to dispense with auctions of the smaller shops realizing, say, less than Rs. 10 a month, and to fix the prices for them with reference to past auction results, subject to auction if more than Rs. 10 is offered; but it will probably be desirable to continue to auction those in large centres where the circumstances governing the consumption of intoxicants vary so much from year to year.

* Cf. C. P. Excise Report, 1878-79, para. 24; Review of ditto, para. 4; C. P. Excise Report, 1880-81, para. 1; *ibid*, 1881-82, para. 5.

† C. P. Excise Manual, 1875, para. 75.

‡ Cf. Madras Secretariat Note presented to the Excise Committee, 1884, para. 6.

§ Cf. C. P. Excise Report, 1880-81, para. 31.

55. Two final cautions in connection with auctions are that the boundaries within which sale is permitted in large towns should be so fixed—being revised from time to time if necessary—as to prevent any particular bidder or party of bidders obtaining control over all the sites available for sale, and so checking all competition, and that, wherever a circle in which shops are grouped adjoins a town in which they are sold singly, no shop of the group should be allowed to be opened sufficiently near to the town to interfere with the sales of the town shops.

56. The process of development should thus be, in towns sale by single shops at once,* in rural areas sale by small circles until the actual sellers are sufficiently informed in the matter to be ready to contract direct with Government, then sale by single shops, to be possibly ultimately exchanged in the case of small shops for fixed fees or a decennial settlement.

57. Contracts once made should be absolutely binding, and no remissions should ever be granted unless in the most exceptional circumstances. An Excise auction is in its essence a speculation, and contractors make good in one year anything they may have lost in another. Every effort should be made to reduce the speculative element as far as possible by increasing the direct taxation, but, on the other hand, no encouragement should be given to reckless bidding by remission in case of loss.† In the words of Sir Denzil Ibbetson's Review for 1897-98, "the policy of the Administration is to hold contractors rigidly to their contracts. Indeed, the system under which the bulk of the revenue is collected from petty contractors, with little or no capital and precarious income, all struggling to outbid each other at the auction sales, would be absolutely unworkable on any other principle."‡

58. It has been stated above that it is incumbent on a Government that controls the manufacture of intoxicants to see, so far as possible, that these are free of noxious ingredients. It is also necessary, if the price is to be raised to the maximum, to ensure that the consumer gets what he pays for.§ This is most necessary in the case of spirits, which are easily diluted. To ensure that they are not and that the consumer gets fair measure, it is advisable to provide that spirits should be sold only at fixed strengths, that measures that have been verified by Government should be maintained, and that the selling prices should be publicly notified at the shop. If the latter are prohibitive, it may sometimes be necessary to prescribe a maximum. They cannot be so low as to encourage drunkenness if the duties are properly levied, so no minimum will ordinarily be necessary.

59. An exception to the above general principles must be made in the case of liquors imported from abroad. The systems above considered are systems devised with a view to collecting the maximum revenue on the minimum consumption by Indian populations who use intoxicants chiefly for the effect on the brain and whose consumption of them it is desirable to reduce. The consumers of imported liquor fall for the most part under another category, those that drink for taste, and accordingly it is stated in the Central Provinces Excise Report for 1895-96 that "the chief concern of the Administration as to European liquors in the Central Provinces is to ensure that their sale is only entrusted to proper persons and not unduly pushed."|| The liquors are taxed at a high rate under a tariff which concerns itself with value as well as with strength and a moderate fixed license fee is a sufficient addition to this.

60. This rule does not apply, however, to the case of shops that sell for consumption on the premises. As the taxation of country spirits increases and the cost of production of low class foreign spirits is reduced, the cost price plus

* Cf. Review on C. P. Excise Report for 1878-79, para. 4.

† Cf. C. P. Excise Report for 1895-96, para. 38; Review on the same, para. 3; and C. P. Excise Report for 1900-01, para. 20.

‡ Review of C. P. Excise Report for 1897-98, para. 5.

§ Cf. C. P. Excise Report for 1879-80, para. 24; cf. Berar Excise Report for 1896-97, para. 46.

|| C. P. Excise Report, 1895-96, para. 19.

taxes on the former reach a figure considerably higher than the cost price plus tariff rate of duty on the latter, which enjoy a freedom from restrictions and a reputation (often very ill-deserved) for greater purity and strength, and the result is a competition which is injurious to the Government revenue and by no means advantageous to the native consumer.

61. The difficulty is enhanced by the manufacture in India, generally at Also that of so-called "foreign" sugar refineries, and therefore at a very cheap rate, of a spirit produced in India. spirit resembling that imported from Europe, which is treated by some Administrations on exactly the same terms as imported spirit, while others give it an advantage.

62. The only satisfactory means of avoiding this harmful competition is to draw a sharp line between the spirit which is to be regarded as issued for native consumption only, and therefore kept under strict and detailed control, and that which is to enjoy the freedom from restrictions accorded to foreign spirit, to tax the latter invariably as foreign spirit, that is, at the tariff rate, to strictly limit the places where foreign spirit is allowed to be sold for consumption on the premises, and to auction the licenses for sale in these places in exactly the same way as country spirit licenses.

63. A second exception to the general principles must be made in the case Backward tracts another exception. of tracts of country where, by reason of their nature, centralization of distillation and supply from a distance is impossible. The only possible course in such areas is to lease the right of manufacture and vend together. In the words of the Chief Commissioner's Review on the Excise Administration Report for 1879-80, "Hilly and sparsely peopled areas must be supplied from out-stills or the drinking classes located at a distance will be supplied illicitly. But so long as the legitimate requirements of any tract can be met under the distillery system, the substitution of out-stills is an arrangement against the best interests of the people."* To ensure a maximum of control and, so far as possible, a reduction of consumption, the farms should be small and the capacity of each still carefully fixed with reference to the requirements of the locality, † and an improved system should be introduced as soon as the development of the country admits of it.

64. A third exception is in the case of areas bordering on other Administrations where less stringent rules are in force. If the Frontier tracts another. border is much interlaced, there may be no alternative but to adopt the system above described, but where it is well defined, the adoption of that system gives little practical advantage, since the competition of the lightly taxed and more heavily taxed articles is only transferred further inland. The means which are most effective in preventing smuggling in such a case Methods of check of frontier smuggling. are, firstly, to remove all shops except those at large centres of population to a fixed distance from the border, and, if possible, to arrange that the adjacent Administration shall do the same; secondly, to restrict possession of intoxicants within the shopless zone to the lowest possible limits, so that there may be no question that any found there in excess of these limits have been smuggled, and, thirdly, to have the frontier patrolled by a sufficiently strong force to ensure the observance of these conditions and the prevention of smuggling. As an alternative, where a mutual shopless zone is not possible, that is, generally, in thickly-populated country, it may be advisable to issue intoxicants at such a rate of fixed duty as will enable them to be sold at the same price as that at which they can be imported, and, when possible, as by colouring spirit, to so distinctively mark them as to ensure their detection if they pass into the higher duty area. Where the frontier districts are also backward tracts the two systems may be combined by providing for a zone of out-stills and requiring all out-still contractors to colour their liquor.

* Review on C. P. Excise Report, 1879-80, para. 5; cf. *ibid.*, 1874-75, para. 4; *ibid.*, 1902-03, para. 12.

† Government of India Despatch No. 29, dated 4-2-90, para. 105.

65. For the patrolling of such a frontier as well as for the detection of illicit distillation and other offences against the excise law and for the control of shopkeepers and contractors a strong and efficient establishment is necessary,* and it is advisable that a special excise establishment should be maintained for the purpose, since it requires a special knowledge of many matters connected with the manufacture and testing of liquors and other intoxicants, regarding which it is impossible to instruct the whole force of police. The establishment should not be increased in proportion to the advance of the system and increase of the revenue, but *vice versa*. While the revised system is in its infancy a strong establishment will be needed to make it understood and enforce observance of its principles. Once these are understood and the stills, etc., displaced by it have been finally suppressed, a reduction may be possible.

A strong special force necessary to carry out excise reform.

66. One other aid to detection which, though objectionable in itself, is an inevitable necessity of proper excise administration, is the rewarding of informers and others who assist in the prevention or detection of offences. Offences against the excise law differ from offences against the criminal law in that the loss falls on no individual (unless it be a contractor), but wholly upon the Government, and, as no man will undertake the trouble and odium of reporting offenders for nothing, there is no alternative but to reward informers.† Great care has to be taken, however, to guard against the concoction of cases for the sake of the rewards, and to this end it is desirable that the grant of rewards should be regulated as far as possible by the officer with the most intimate knowledge of the facts, *i. e.*, wherever a special excise staff is employed, the head of the Excise Department.‡

Rewards an unpleasant necessity of prevention of offences against the excise law.

67. It is hardly necessary to add that the head of the Excise Department should be responsible, as far as possible, for the full and continuous control of all excise measures and officers. “The excise revenue undoubtedly more than any other is affected by efficient management and administration.”§ “There is, in connection with it, no simple machinery which, having been once set in motion, only requires to be let alone to work smoothly. On the contrary, unless the arrangements receive persistent attention, there not only results a serious falling off in revenue, but there arises a series of irregular practices which, as time goes on, become difficult of detection, and which, unless promptly dealt with, it may take years effectually to suppress.”|| In any Province under development, the introduction of an improved system of excise must of necessity be a gradual matter, and the extent to which advance is possible in each respect should be annually passed in review as regards the Province as a whole, by the officer who has the greatest knowledge of the subject, after considering the opinions of local officers as regards the circumstances of individual districts.¶

Continuous control by a single head essential.

* Cf. Government of India Despatch No. 55, dated 19 2-89, para. 13; Resolution in the Finance and Commerce Department No. 1095E, dated 8th March 1900, para. 11; and Finance and Commerce Department letter No. 4232 Ex., dated 9th August 1901.

† Cf. Review on C. P. Excise Report, 1902-03, para. 10; Review on C. P. Excise Report, 1899-00, para. 2; and speeches of the Hon. Mr. Bradley and the Hon. Mr. Thomson at the discussion of the Madras Financial Statement for 1904-05.

‡ Cf. Finance and Commerce Department letters Nos. 3147 S. R., dated 21st July 1896, 4289 S. R., dated 7th October 1896, and Ex. 2051, dated 4th May 1897.

§ C. P. Excise Report, 1878-79, para. 2.

|| C. P. Excise Manual, 1875, para. 29.

¶ Cf. United Provinces Excise Manual, para. 547.

CHAPTER III.

Past History of Excise Administration in the Central Provinces and Berar so far as it is concerned with country spirits.

68. "When the territories included in the Central Provinces first came under British management, it was found that the right to levy fees on the manufacture of country spirit was leased out to the farmers of the land revenue as 'Miscellaneous Revenue.' Under British rule this system was discontinued ; but at first the change was only carried so far that the monopolies of manufacture and vend were sold to farmers who were not necessarily at the same time contractors for the land revenue collections. These farmers found it to their interest to stimulate consumption by selling liquor at a cheap rate and in as many places as possible. There was no restriction in the number of stills they might establish, or upon the number of shops they might open. They maintained also an ancient custom of purveying liquor for all betrothal ceremonies and marriage feasts at the expense of the contracting parties, whether this stimulus to gaiety was desired by the latter or not."* The result was wholesale drunkenness and demoralization, particularly among the Gonds, who are described by one officer † as being "liquored off the face of the earth," and, in the words of Sir Richard Temple, "the vice of drinking seemed to threaten the gradual deterioration of some of the lower and less civilized classes of the community. It was even extending upwards with the general increase of wealth among the higher classes of society. The abkari revenue equalled nearly one-sixth of the land revenue. The profits of the monopolists perhaps reached a like amount."‡

69. An immediate and heroic remedy was decided upon by the Chief Commissioner. "The simplest remedy," Mr. Laurie remarks, § "would have been to limit the number of shops and stills which the contractor might erect and open within the area of his monopoly: to have, in fact, converted the farming system pure and simple into that modification of it which has since been found suitable in many parts of the Province and which is known as the 'out-still' system." But it happened that the Sadar Distillery system, which the Government of India had commended to the notice of all local Governments in 1859, had just been introduced (in 1861) into the Province of Oudh, and it had been intended, before the transfer of the Saugor and Nerbudda territories to the new Administration, to introduce it into them also. This idea was carried into effect with the intention of extending the system as soon as possible to the rest of the Province. The objects to be gained by this system and the results that were expected of it may be judged from the following extract from the Revenue Report for 1862-63:—

"This system permits any one to manufacture who so pleases ; but by levying a certain duty per gallon at the still-head it enables Government to fix the minimum price of liquor without at the same time having anything to do with its actual sale. People may consume spirits if they choose ; Government has no wish to interfere with the voluntary habits of the people so long as they do not infringe the law ; but the consumption of spirits being an indulgence or luxury, it is deemed fair to raise revenue by a tax upon it, and, inasmuch as it often degenerates into a vice, it is right to fix the tax at so high a rate as shall prevent consumption from extending beyond the limits of a luxury. This the Sadar Distillery system, if worked successfully, enables the Administration to effect. And the results are these : In a community composed entirely of poor people the revenue almost expires ; but, where there is a fair proportion of well-to-do

* Mr. L. K. Laurie's Memorandum for the Indian and Colonial Exhibition, para. 7.

† C. P. Revenue Report for 1862-63, para. 147.

‡ Secretariat letter No. 2940, dated 27th June 1864, para. 7.

§ Memorandum for the Indian and Colonial Exhibition, para. 7.

people in the community, the revenue may equal or exceed the revenue derived under the former system, because simply a few large payments may equal or exceed a large number of small payments."*

The Sadar Distillery system referred to in the above extract was one under which licensees of retail vend areas were required to distil their liquor in a distillery building situated at sadar or to purchase it from others who distilled there, and to pay a duty on every gallon of liquor removed and a fee for the right of vend; it was similar to the system at present in vogue in a few districts of the Central Provinces, except that the vend fees were at first fixed and that in the latter case duty is now levied on the *mahua* used in distillation instead of on the liquor manufactured.

70. The system so introduced has had a very chequered career. It was from the first opposed bitterly by the Kallars and strongly by several officers of experience, who held that, if it was to be carried out in its integrity in the wild and hilly and thinly-peopled tracts, it must inevitably be accompanied "by an ever-falling revenue and an ever-advancing element of smuggling and illicit distillation."† Others declared that the restrictions placed on the consumption of liquor were leading to the consumption of more harmful intoxicants, while the Sanitary Commissioner declared that "the classes that chiefly use liquor are poorly fed and subject to much exposure to weather, and there can be little doubt that under such circumstances, a moderate use of alcoholic liquor is beneficial to health," and that "the agricultural labourer would suffer more in health if, by the enhancement of the price of liquor or from any other difficulties caused by the working of the abkari rules, he were daily deprived of a moderate amount of liquor after his day's exposure in the rice fields than if easy access to liquor permitted him occasionally to indulge in drinking to excess."‡ And the Government of India, in declining to sanction an extension of the system, declared that it would be "better to abandon all attempt at taxation than to persevere in the present course, the avowed basis of which is an endeavour to suppress the habit of drinking among these poor jungle people by means of a prohibitory law and a system of informers."§

71. In spite of these objections, however, the system was extended in 1867 to the whole Province, though in the meanwhile it had undergone many modifications from its original form. The still-head duty, at first uniform, was varied according to the number of distillations and the circumstances of different districts, while in one district the system of levying it on the materials was introduced from Bengal. It 1864, as the result of an enquiry made into the matter by Major Magniac, it was again made uniform at the highest rate with a view to inducing the production of only the strongest grade of spirit which would carry long distances without deterioration, and wholesale shops were introduced. Considerable changes were meanwhile in progress in the matter of retail vend, the fixed fees at first introduced being considerably varied, and then exchanged for auction sales of monopoly rights of vend, which had so increased in size and importance as compared with the still-head duty by 1869-70 that the Chief Commissioner took serious exception to them, declaring that "the present arrangement of granting monopolies of vend in certain tracts, combined with the enforced distilling at sadar distilleries only, and the levy of a trifling still-head duty, is a bastard system, partaking partly of the old contract system, partly of the Sadar Distillery system. It is the old contract system weighted with the obligation of distilling liquor only at one specified place It would be but a step to return to the pure contract system."||

72. Meanwhile other disintegrating forces had arisen. In 1866-67, on the breakdown of the system of wholesale shops advocated by Major Magniac, there were substituted for them what were known as contract stills, *i.e.*, stills at which, in lieu of the still-head duty, a daily fee fixed with reference to the capacity of the boilers

* Revenue Report, 1862-63, para. 220.

† Excise Administration Report, 1872-73, p. 7.

‡ Sanitary Commissioner's letter No. 394, dated 22nd August 1871.

§ Despatch No 209, dated 6th August 1864, para. 6.

|| Revenue Report, 1870-71, para. 236.

was levied. In 1869-70 there were added out-stills pure and simple, the joint right of manufacture and vend at which was auctioned annually.

73. Thus in the year 1871-72, the year of the appointment of the first Excise Commissioner, there were three systems at work, the sadar distilleries supplying head-quarter and tahsil towns and the surrounding areas, out-stills the jungle tracts, and contract stills interposed between the two at places which were too far distant for supply from the sadar distillery but not sufficiently far away to require to be placed under out-stills. The number of sadar distilleries worked during that year was 87, that of contract stills 57, and that of out-stills 503, and there were 7,253 retail shops.

In the following year was held an Excise Conference, the chief result of which was the general adoption of the system of levying duty on the *mahua*, which was then in force only in the Chanda district.

74. For the next twenty years, to use the words of Sir John Woodburn, "the views of the Administration veered between the Sadar Distillery and the Out-still system." *

1871 to 1881. Continued disintegration of the system.

For the first half of this period the record is one of continuous disintegration of the system established by Sir Richard Temple.

Year.	Sadar distilleries.	Contract stills.	Out-stills.
	No.	No.	No.
1871-72	87	57	503
1872-73	83	not given	510
1873-74	73		1,116
1874-75	70	37	877
1875-76	58	87	656
1876-77	68	89	754
1877-78	67		913
1878-79	59		945
1879-80	53	139	1,033
1880-81	44	102	1,416
1881-82	39	108	1,539

on estimate of outturn, which subsequent reports show to have been extremely rough and ready, if not altogether unreliable, and the contract stills gradually merged more and more into the out-stills. The process of disintegration and its results are described by Mr. (now Sir Andrew) Fraser in his report as Commissioner of Excise for the year 1880-81.

Writing of a district where the sadar distillery area was surrounded by two belts of contract stills taxed at different rates, he says: "We have an outer belt of low taxed contract stills, then an inner circle of higher taxed stills, and last of all at the centre of each tahsil the sadar distillery taxed highest of all. The result was that a stream of liquor flowed from the outskirts of the districts to these centres. The outer preyed on the inner contract stills, and the latter in turn lived at the expense of the sadar distilleries, which were scarcely self-supporting," † and he added with reference to the moral effects of the out-still system that "there seems no possible ground for doubt that it tends to increased consumption of liquor without the possibility of efficient control." ‡ A former Excise Commissioner (Major Bloomfield), whose opinion is quoted in the same report, described the general result of the policy adopted as follows:—

"The result has been, as anticipated, a handsome increase in revenue with a proportionate increase in drunkenness, crime, indebtedness and poverty among the drinking classes."

75. At the same time another influence was at work with effects on the liquor administration almost as far-reaching as those of the changes in the system, namely the growth of monopolies, sometimes of manufacture and vend, sometimes of vend only, against which the most stringent orders had been passed in the first instance. Losses resulting from them are noticed throughout the reports. Nevertheless it is recorded in

Growth of monopolies.

* Review of the Excise Administration Report for the year 1894-95, para. 2.

† Report, para. 28.

‡ *Idem*, para. 16.

1878-79 that three years' monopolies had been granted of the right of manufacture at the sadar distilleries and vend in all the shops of the six largest towns of the Province, and it is pointed out in the report for 1879-80 that the contract for nine of the most important contract stills had been held by the same contractors for periods varying from three to six years. The extent to which this tendency was given play may be judged from a statement in the report for 1892-93 that "in both sadar distillery and contract still areas the monopolies of manufacture and retail vend are now generally given to one and the same individual, so that the division into circles serves no useful purpose from the statistical point of view."*

76. By 1881-82 the Sadar Distillery system, as introduced by Sir Richard Temple, and as described in the Excise Manual for many years after, may be said to have practically ceased to exist. Its place had been taken by a system which was much the same as what was afterwards called the Modified Distillery system in the North-Western Provinces, under which the sadar distillery areas were regarded as separate monopoly farms to which the use of the sadar distillery buildings for distillation was attached as a condition.

77. The further disintegration of these areas was inevitable. It is the invariable tendency of monopoly contractors to limit their supply to the more paying localities and neglect the outlying ones. Accordingly the outlying tracts, being unsupplied with liquor by their contractors, drew their supply from outside areas, generally from a belt of country under contract stills. For exactly similar reasons, the contract still areas having also been monopolised, the outside consumers therein drew their liquor from out-stills. Thus each system prospered at the expense of another, and, the revenue results being the most tangible evidence of success, the out-still system came to be regarded as distinctly the best of the three, and the Sadar Distillery system was condemned by officers who had little or no knowledge of it as it was originally intended to be worked.

78. In 1888-89 it was held that the impression that the contract stills protected Sadar Distillery areas was erroneous, and their abolition was commenced, and they were reduced in that year to 74 and to 5 in the two years following.

79. At the same time it was held, as a result of an enquiry into the whole system of Excise administration, that the Sadar Distillery system was unsuited to the Central Provinces for reasons which were stated as follows :—

"The absolute closure of internal district communications in the rains in all black soil tracts; the large aboriginal element or strain in the population, to a considerable proportion of whom cheap *mahua* liquor is a daily necessary for food and worship; the absence of large towns; the distance between village and village; and the impossibility of providing adequate supervision at many remote centres." †

80. The net result of these processes and conclusions will be seen from the statement below. Between 1881 and 1891 sadar distilleries and contract stills decreased to 15 and 5 respectively, while out-stills increased to 1,991 :—

Year.						Sadar distilleries.	Contract stills	Out-stills.
1882-83	...	...	...	...	...	39	107	1,632
1883-84	...	...	...	...	...	38	109	1,598
1884-85	...	...	...	...	...	38	110	1,624
1885-86	...	...	...	...	...	36	113	1,653
1886-87	...	...	...	...	...	36	117	1,681
1887-88	...	...	...	...	...	35	118	1,683
1888-89	...	...	...	...	...	29	74	1,968
1889-90	...	...	...	...	...	15	9	2,250
1890-91	...	...	...	...	...	15	9	2,125
1891-92	...	..	...	...	...	15	5	1,991

* Report, para. 20.

† Review of Excise Administration Report, 1889-90, para. 4.

Financial result of changes,
1871 to 1891.

81. The financial result of the changes made in the twenty years following 1871-72 is compared in the following statement of figures for that year, 1881-82 and 1891-92 :—

Year.	Total revenue.	Revenue from license fees (sadar distilleries and contract stills).	Revenue from still-head duty.	Revenue from contract stills.	Revenue from out-stills.
	Rs.	Rs.	Rs.	Rs.	
1871-72	7,65,350	2,86,471	4,17,228	61 651	
1881-82	11,99,704	4 91,737	2,57,806	1,32,113	3,18,048
1891-92	17,24,143	4,04,141	1,54,922	7,148	11,57,932

82. The variations in the number of shops during the same period were extraordinary. For instance, in the five years preceding 1875-76 the number in the Chhindwara district was reduced, under the influence of the Sadar Distillery system, from 1,917 to 377, after which the reaction in favour of out-stills restored the number to half the former figure. The same reaction caused the re-opening of as many as 224 in the one district of Jubbulpore in 1881-82. Towards the end of the period a counter reaction had set in under the influence of enquiries in Parliament into the subject of drunkenness in India, and in 1888-89, 550 shops were closed in different districts, 315 more being closed in the districts of Bhandara and Wardha in the following year. The total number in the Province increased from 7,253 in 1871-72 to 8,628 in 1881-82, and fell again to 7,215 in 1891-92.

83. The enquiries in Parliament above referred to resulted in the declaration of policy by the Secretary of State which has been set forth in chapter II and the systems in force under the various Administrations were passed in review with a view to seeing how far they carried it into effect. The general reaction in favour of out-stills in the Central Provinces and the increase in the number of shops there attracted particular attention, with results that have already been partly noticed. The number of shops was further reduced between 1891-92 and 1895-96 from 7,215 to 6,450. The out-still system was condemned, and, while the number of out-stills was reduced from 1,991 to 1,387, a new system of supply was introduced by Sir Antony Macdonnell.

84. This was known as the Bonded Warehouse system, under which manufacture was concentrated and a still-head duty was levied on issues, liquor being distributed through bonded warehouses, and the right of manufacture and vend for large areas was given to contractors. The system was first introduced in 1892-93 into Nimar, and extended in 1893-94 to Nagpur, in 1894-95 to Jubbulpore, Narsinghpur and Hoshangabad, and in 1895-96 to Bhandara. Its inherent defects, however, aggravated by a series of bad seasons, made it impossible to continue working the system. In 1896-97 it was given up in Jubbulpore, Hoshangabad and Bhandara, and in 1897-98 altogether.

85. The avowed object of this system was to reduce the consumption of liquor by increasing the price, but it went too far. The price of spirit was increased at one bound by 300 or 400 per cent, so that, in the words of the Excise Commissioner, "it was practically beyond the reach of habitual consumers except as an occasional luxury." * This abnormal enhancement of price was the chief cause of the failure of the system, and it was aggravated by the fact that its introduction coincided with a period of scarcity, but it had many inherent defects besides. The chief of

* Excise Administration Report, 1893-94, para. 44.

these was that an enhancement of 50 per cent in the still-head duty was accompanied by the grant of a stringent monopoly. The contractors as usual restricted their output and enhanced their prices to the highest possible limit. They were assisted in this by defects in the licenses ; for instance, there was no provision requiring either shops or warehouses to maintain a supply. Nor was there anything to prevent dilution. The shopkeepers, who had been in the habit of contracting independently with Government, objected strongly to being put in the position of sub-contractors, and disputes arose between them and the contractors, which resulted in the latter refusing to issue. Among other defects may be mentioned the fact that the still-head duty was not proportioned to the strength of the liquor. No provision was made for the differentiation of prices in towns and rural areas, and control was abandoned in other matters to the contractors. It was not necessary for mismanagement of contractors to be added to defeat the system.

86. On the breakdown of the Bonded Warehouse system in 1896-97, a more cautious attempt was made to introduce a system which would attain a similar object, but without presenting the same defects. The Modified Bonded Warehouse system, which was intended to differ from its predecessor in two main features, *viz.*, the separation of the privileges of manufacture and vend and the levying of the bulk of the revenue in the shape of a direct duty, was put on its trial in Nagpur and Nimar.

87. It was Sir Charles Lyall's intention, if this system was successful, to bring it into force in all districts, and meanwhile to prepare the way for it by extending the Sadar Distillery system as far as possible.

88. The carrying out of this policy has been delayed by a long series of famine years, and no extension of the Modified Bonded Warehouse system has yet been made. The remainder of the policy has, however, made considerable progress, as

Year.	Sadar distilleries.	Contract stills.	Out-stills.
1892-93 ...	15	5	1,959
1893-94 ...	16	5	1,812
1894-95 ...	16	3	1,570
1895-96 ...	15	3	1,387
1896-97 ...	15	3	1,706
1897-98 ...	24	...	1,504
1898-99 ...	24	...	1,496
1899-00 ...	25	...	1,458
1900-01 ...	25	...	1,470
1901-02 ...	25	...	1,474
1902-03 ...	25	...	1,769

will be seen from the statement in the margin, Sadar distilleries have been increased from 15 to 25 and out-stills reduced from 1,706 in 1896-97 to 1,474 in 1901-02. They were again increased to 1,769 in 1902-03, but this does not represent any increase in the Khalsa, but is accounted for by the addition of out-stills in zamindaris whose excise arrangements were taken under control. Meanwhile the contract stills which had lingered on after their condemnation were finally abolished in 1896-97.

89. The only other administrative change of importance in this last period to be noted is the attempt that has been made in Jubbulpore to arrange for the differentiation of prices between urban and rural areas by the provision of a cheap weak liquor for the outlying parts of sadar distillery areas, its competition with the liquor issued to shops in the high priced town area being avoided by the device of colouring it.

90. Three important matters have, however, to be noted in connection with the working of the systems. The first is the recrudescence of monopolies. It has been seen how these were fatal to the original Sadar Distillery system and were among the chief causes that contributed to the failure of the Bonded Warehouse system. In the institution of the Modified Bonded Warehouse system, the abolition of monopolies and the splitting up of the vend contracts were set down as being among the chief objects aimed at. The principle was in 1896-97 departed from out of consideration for the losses incurred by the Lala family of Nagpur when the Bonded Warehouse system was in force and the retail vend contract for the towns of Nagpur and Kamptee, in which the consumption of spirit equals that of the rest of the Nagpur district, was granted to two members of the family. This monopoly has been continued to the

same firm for periods of from two to three years at a time, and is still in force. The result, as recorded in the report for 1902-03, is that the incidence of vend fees in these towns has been more than double that in the rest of the district on a smaller consumption of spirit of proof strength, and that the retail contractors, in order to make a profit, have been compelled to largely water down the spirit supplied from bonded warehouses. As has already been noted, monopolies in sadar distillery areas have become the rule with exactly similar results, and even where out-stills are in vogue, contracts for whole districts or tahsils have been given to single contractors, as, for instance, the district of Damoh in 1899-1900 and the Sohagpur tahsil of Hoshangabad from 1903 to 1905.

91. In the second place it is by no means uncommon for contracts to be granted at far less than their true market value to contractors who have previously held the contracts and whose past services are taken into account, instead of such contractors being required to pay the full value of the contract as shown by an auction or else lose it.

Departure from the auction system.

92. On the other hand, speculative bidding at auctions has in many cases been encouraged by laxity in the collection of Excise revenue and by subsequent remission of the uncollected balance. The result, as recorded in the reports, is demoralization of the contractors, who, in some instances, bid sums for their contracts which they had no intention of paying, and in others actually closed shops which were at work in order to make out a case for compensation. A considerable loss of revenue must inevitably have been a further consequence.

Grant of remissions.

93. The number of shops has continued under the process of steady reduction during this period and amounted to 6,193 in 1901-02, and to 7,062, including those in the zamindaris above referred to, in 1903-04.

Number of shops.

94. The following statement brings the net result of the above changes up to date :—

Financial result of changes, 1891 to 1904.

Year.	Total revenue.	Revenue from license fees.	Revenue from still-head duty.	Revenue from contract stills.	Revenue from out-stills.
	Rs.	Rs.	Rs.	Rs.	Rs.
1891-92	17,24,143	4,04,141	1,54,922	7,148	11,57,932
1903-04	16,55,349	3,28,452	6,50,223	...	6,76,674

95. The history of the Excise administration in Berar is marked by fewer vicissitudes and a less varied policy. In 1853, at the time of the first treaty of assignment, the whole of the territory assigned was under the farming system commonly adopted by native governments, which was described as follows by Sir Alfred Lyall when Commissioner of West Berar :—

Berar. The farming system.

“The monopoly to distil and sell country liquor in certain defined subdivisions of a district is put up to auction. The auction purchaser makes his own arrangements, and his gain, as in any other trade, is measured by the quantity that he can manufacture and sell; he is directly interested in stimulating the consumption of liquor. Wherever he is left to his own devices he will cover the country with dram shops, and will even hawk about his liquor at fairs and markets. If the Government choose to give their farmer unlimited license of this sort, the revenue will be very large and the demoralization will be proportionate.” “But,” he continues, “this is the earliest and the rudest stage of the Excise. In all well-administered Provinces the number of stills and shops which are permitted under the monopoly is rigidly fixed; the conditions of retail vend are very strict; the hours at which a shop may be open are settled; the quantity of spirits which may be taken away by a purchaser is

very small ; and infringements of conditions are supposed to be at once punished by fine and withdrawal of license." *

96. The question of control was first raised in Berar in 1856, and the steps taken in that direction were generally of the nature above summarised. Abkari rules framed in 1857 provided for triennial leases by taluks, gave Deputy Commissioners power of control over shops, restricted possession and imposed licenses on temporary shops. The hour of closing was fixed first at sunset and later at 7 P. M., and large reductions were made in the number of places of sale. There was great lack of uniformity, however, in the practice adopted until 1875-76, when the two divisions were merged into one, and sales were held very variously by taluks, police station ranges, parganahs or single villages. And the sale of *sindhi* was generally combined with that of country spirit.

97. In 1876-77 the abnormally large number of shops in certain districts attracted the notice of the Government of India, and the number was reduced in the next year from 2,087 to 1,391, a figure which continued with little alteration till 1890-91. In 1878-79, the *sindhi* and country spirit shops and licenses were completely separated, country spirit contractors were allowed to centralize distillation, a uniform form of license was introduced, and the closing hour was extended to 9 P. M. In 1880-81 this latter limitation was removed altogether, to be reimposed in 1882-83. In other respects the system continued practically unaltered till 1892-93, except in the matter of reduction in the number of shops, which stood in that year at 1,122 as against 1,425 in 1890-91.

98. It was eminently profitable, and, though liable to violent fluctuations, yielded on the whole a steadily increasing revenue as long as it continued unchanged. The total receipts for the two divisions, including those on account of *sindhi*, amounted to Rs. 2,95,116 in 1856, Rs. 8,50,209 in 1876-77, and Rs. 10,31,300 in 1886-87, and the country spirit revenue alone in 1892-93 was Rs. 13,86,375.

99. Meanwhile the introduction of the Sadar Distillery system was repeatedly considered, but always unfavourably. The first notice of the matter was as far back as 1859. In 1867 the question was fully discussed, more particularly by Mr. A. Lyall, whose condemnation of it was accepted by the Resident, Sir Richard Temple. In 1870 the question was revived, and both Commissioners reported strongly against it. The Resident, Mr. Saunders, summarized the objections to it as follows :—

"The direct result of introducing the still-head duty method into a country like Berar would be to divert into the pockets of a host of unlicensed vendors and manufacturers very much of the abkari revenue now legitimately and economically realized by Government, while at the same time one of the most striking effects of the change on the people themselves would be to foster among them in the form of illicit distillation and smuggling a spirit of opposition to the law, which, if it were to become, as perhaps it might do, habitual or general, would have a demoralizing effect." † In 1873 the Government of India "expressed regret that no attempt had yet been made for the introduction of the system of fixed duty either of spirits or drugs," ‡ and desired the policy of a fixed duty to be considered, but the arguments already adduced against the Sadar Distillery system again prevailed. And similar local reasons operated to prevent the introduction of the system when the question was again raised by Sir Richard Meade in 1875-76.

100. The matter was allowed to rest there till 1888-89, when the Secretary of State pointed out that the Excise revenue of Berar had not only risen greatly during the past twenty years, but also that the incidence of the revenue per head of the population was higher than in most Provinces of India, and added that, if the

* Letter No. 251, dated 26th January 1871.

† Mr. T. C. Plowden's Report on the system of taxation on country spirits in the Hyderabad Assigned Districts, para. 16.

‡ Letter No. 3541, dated 10th October 1873.

consumption of spirituous liquor or intemperance had also increased, it might be desirable to modify the Excise systems so as to make liquor dearer and to restrict consumption.*

101. An exhaustive enquiry into the matter was then made by Mr. T. C. Plowden, the Commissioner, who recommended, in a report dated 9th February 1891, the introduction of the minimum guarantee system then in force in the adjacent districts of Bombay. His proposal was accepted, and the introduction of the system was commenced in 1893-94 in the Ellichpur district and the Amraoti taluk. The main features of this system were the grant of a single contract for manufacture and vend to a selected monopolist, who guaranteed a minimum revenue from still-head duty, paid duty on all issues, issued at a fixed strength, and sold at a fixed price, and was bound to keep shops open and maintain distributing agencies and a preventive staff. It was intended to extend this system to the whole Province, and in 1894-95 an attempt was made to include the whole of the Amraoti district under it, but without success. The extension was made in 1896-97, and in 1897-98 the Akola district and the Malkapur taluk were also brought under it under a fresh contract.

102. The system was unfortunate, however, in that its introduction coincided with a series of bad seasons, and it was never profitable either to the contractors or to Government. Thus the first contract made for the Ellichpur district and the Amraoti taluk was for a minimum guarantee of only Rs. 2,64,175 as against a revenue of Rs. 3,16,900 under the old system, the second for the Ellichpur and Amraoti districts was for Rs. 3,35,000 as against Rs. 5,09,700, and the third for the Akola district and the Malkapur taluk for Rs. 2,11,000 as against Rs. 3,84,700. Even so, the contractors never succeeded in selling a sufficient quantity of liquor for the still-head duty to cover the guarantee, and had to make large payments year after year. The Government revenue had been expected to fall, though hopes were entertained at the outset of payments of still-head duty exceeding the guaranteed amount. The fall that occurred, however, viz., from Rs. 13,86,375 in 1892-93 to Rs. 8,34,760 in 1898-99, was far greater than had been expected, and in the following year the system was abandoned by mutual consent, the contractors being unable to offer any guarantee which Government could accept.

103. The chief defect of the system was, as in the case of those previously discussed, the conjunction of the privileges of manufacture and vend and the exclusion of the sellers from any direct interest in sales. This was clearly demonstrated by the results of the year 1899-1900, when the combined contract was abandoned for one which separated the privileges of manufacture and vend, and, in spite of the scarcity then prevailing, the Kallars bid Rs. 3,05,071 for the privilege of vend only. The addition of a still-head duty of Rs. 2,92,024 gave a total income of Rs. 5,97,895 for the areas under this system, as against Rs. 5,46,000, the minimum guarantee of the previous year. A guarantee was still demanded from the shopkeepers at the outset of the new system, but it was decided to abandon it on account of the famine, and it does not appear to have been revived. The system of supply by contractors at a fixed rate of cost price and subject to fixed rates of still-head duty to shopkeepers who purchase the right of vend annually by auction has continued in the districts of Ellichpur, Amraoti and Akola and the Malkapur taluk ever since, and has been improved upon, notably by the introduction of a uniform rate of duty in 1902-03, but has not yet been extended, under the orders of the Government of India, which has desired that no further extensions shall be made without its approval. In the famine year of 1900-01 the revenue results were so unfavourable (total revenue Rs. 7,83,231) that the Commissioner, who had apparently overlooked the fact that the fall under the new system was accompanied by one in farms that continued under the old, suggested a wholesale reversion to the farming system. In the following year, however, the new system justified its selection, and

* A system which separated the privileges of manufacture and vend adopted.

And the guarantee abandoned.

the revenue increased to Rs.9,35,966, and in 1902-03 the two systems together yielded Rs.12,04,175, or more than in any year since the first change was introduced, and in 1903-04 Rs. 15,07,257, or 1·5 lakhs more than the farming system at its best. This satisfactory result is largely to be attributed to the continuous control of the department by one officer, Colonel Warren Hastings, from 1895 to 1903, and the unremitting attention he gave to the Excise revenue. The number of shops has been still further reduced under these improved systems, and stood in 1903-04 at 1,081, or little more than half the number opened in 1876-77.

104. Full details of the spirit revenue from each source and of the shops and distilleries of every kind opened will be found in Statements III and IV of Appendix IV, to which have been added three diagrams, the first two illustrating the fluctuations in the revenue in the two Provinces as compared with the chief causes other than systems affecting it, and the other comparing the course of the revenue in the different divisions. Before going into these it will be well to consider the systems themselves and their success or failure in other parts of India.

The eight systems tried in the Central Provinces and Berar may be grouped under three heads—

(1) The Out-still system with the Farming system from which and the Contract Still system into which it was developed.

(2) The Sadar Distillery system as instituted and as now practised, and its development—the Bonded Warehouse system.

(3) The modifications of the Contract Distillery system tried in the Central Provinces under the name of the Modified Bonded Warehouse system and in Berar as the 'Madras' system, respectively, with which may be also considered the Bombay or Minimum Guarantee system, which was replaced by the latter.

105. As regards the Out-still system it is not necessary to say much, since it has been repeatedly condemned as a system of general application by the Government of India and the Secretary of State. The system is a legacy from native rulers, whose chief care was for the revenue. In its first form, *i. e.*, as the Farming system, it was undoubtedly responsible for widespread drunkenness. The restrictions imposed on the number of places allowed for distilling and selling have checked this to some extent, but their power is limited. The further restrictions of limiting the capacities of fermenting tubs and stills and the days on which distillation is allowed and the imposition of a minimum sale price may further limit consumption, but they give no real power of control. The Contract Still system, which appears to have been only a development of the Daily Tax system of Bengal Regulations XXXIV of 1793 and VI of 1800, was little better, as it was found in practice that some distillers habitually distilled a great many more times in the day than others, and that it was impossible to induce uniformity. The Out-still system has now been abandoned everywhere except in Burma and Assam (where its partial replacement is now under consideration) and in remote and outlying portions of other Provinces which are unsuited for anything more advanced, Bengal alone deriving any considerable percentage of its country spirits revenue from it.

106. The Sadar Distillery system is remarkable, more than for anything else, for the manner in which it has survived for nearly a century repeated exposures of its inherent defects.

It was first introduced into Bengal under Regulation X of 1813, and after a very few years abandoned as a failure. In 1859 it was reintroduced against the advice of the local officers, who declared its unsuitability to a great part of the country, while one of them declared that by its introduction "the revenue was sacrificed to a theory."

In 1861 it was extended to Oudh, and in the next few years to the North-Western Provinces, the Central Provinces, and the Punjab.

Extended to North-Western Provinces, Central Provinces, and the Punjab 1860-1870.

The Out-still system and its variants.

The Sadar Distillery system.

First introduced into Bengal 1813.

107. In 1873 Mr. Dalyell, a Member of the Board of Revenue, Madras, compared the financial results of its working from the date of complete introduction into each Province to 1871-72 with those of the Provinces which had not adopted it, in the following statement :—

	Date of introduction of Sadar Distillery system.	Revenue in 1859-60.	Revenue in the years before introduction.	Second year after introduction.	Revenue in 1871-72.
Oudh	1863-63	£ 57,515	£ 65,134	£ 57,745	£ 58,000
North-Western Provinces	1863-64	133,000	177,500	125,751	125,000
Punjab	1864-65	49,859	43,624	48,985	50,000
Bengal	1864-65	204,268	263,973	212,491	242,500
Central Provinces	1866-67	31,503	78,352	76,188	76,900
	..	476,145	628,583	521,160	552,400
	...	Revenue in 1859-60.	Revenue in 1865-66.	Revenue in 1871-72	
Madras	...	£ 292,824	£ 414,281	£ 570,892	...
Bombay	...	177,967	304,378	339,322	...
	...	470,791	718,659	910,214	...

and remarked : " It will be seen that, whereas the Excise revenue derived from these sources in the five Provinces of Oude, the North-Western Provinces, Bengal, the Punjab, and the Central Provinces, amounted to about £476,145 in 1859-60, and a steady rise took place in every case, except the Punjab, up to the year immediately preceding the introduction of the Sadar Distillery system (the total revenue obtained in the five Provinces, respectively, in that particular year in each case having amounted to no less than £628,583, being a rise of 32 per cent) the revenue of the second year after the introduction of the system had fallen in every case, except the Punjab, and had realized a total of only £521,160. The revenue of 1871-72 also had only partially recovered this fall, and was still considerably below the revenue of the year preceding the introduction of the Sadar Distillery system. What had been an increase of 32 per cent fell to an increase of little over 16 per cent, though the period during which the augmentation had taken place had increased in no case by less than five years. It will also be perceived that the increase which took place in the revenue of Madras and Bombay between 1859-60 and 1865-66 was £247,868, or about 52 per cent or only 20 per cent in excess of the increase which took place in the other five Provinces between the former year and the year previous to the introduction of the new system. In the next six years, however, the revenue of the two minor Presidencies rose by about £200,000, or not much under 30 per cent, whereas the revenue of the five Provinces managed under the Sadar Distillery system had receded. Supposing the revenue of these Provinces to have continued to maintain the same relation to the revenue of Bombay and Madras in the second series of years as they did in the first, there should have been a further increase of about 17 per cent, which would have brought the revenue of 1871-72 up to about £735,000, so that the annual loss of revenue which has been sustained in these five Provinces by the adoption of the Sadar Distillery system may well be roughly estimated at little less than £200,000."*

In regard to its moral effects he reported—

"After ten years' experience of the system the officers who have administered it in Oudh, the North-Western Provinces, and Bengal complain that they are unable to break up combination among the distillers and vendors. The disastrous effects upon the revenue of such combination in Mysore have been fully described in my report on that Province, and will be found repeated in No. 1 of Appendix G. In Lower Bengal, in the North-Western Provinces, and in the Central Provinces indubitable evidence is produced of wholesale

*Report on the abkari system of the Madras Presidency, with some details of the Excise taxation in the other Provinces of India, p. 17.

smuggling and illicit distillation, so much so that in many parts of the country it has been found necessary to revert either to the Farming system or to the old Out-still system of management, and, though the authorities in Mysore and the Punjab are not of opinion that much illicit liquor is consumed, there is a strong probability that such is the case, for it is impossible to suppose that the licensed vendors should carry on operations at a loss, as they must do in some cases if they dispose of duty-paid spirits only, that is to say, in cases where sales are small in quantity, the amount paid for the license to sell in addition to the tax upon the spirits raises the actual duty to such a high figure that, unless a prohibitive price were charged, no margin of profit would be left to the vendor to pay for his premises, time and trouble. If, then, the reduced revenue which is derived from spirits under this system of management is mainly or even to a large extent to be ascribed not to a really reduced or limited consumption, but to the consumption of illicit, instead of licit spirits, it is anything but a subject for congratulation. If this is the case, the new system, in addition to having caused a considerable loss to the revenue, and having failed really to check the consumption of spirits, must have the additional objection of having resulted in constant breaches of the law, and it is very questionable, as was stated by some of the American witnesses examined before the Select Committee of the House of Commons on Habitual Drunkards, whether the demoralization of society in creating a sense of disrespect for the law and all sorts of manoeuvres to escape it is not as great an evil as the drinking of liquor."*

108. Ten years later, *viz.*, in 1883-84, the Bengal Excise Commission reported "that in all thinly inhabited and jungly districts, and the remoter parts of even advanced districts, the Central Distillery system completely failed to secure its main object, namely, to levy a duty on the actual quantity of spirit which passed into consumption, owing to the fact that much spirit was consumed without paying any duty whatever. Some of this came from illicit distillation by unauthorized distillers, but it has been shown that a great part came out of the central distilleries themselves, it having been found impossible, in the case of distilleries situated at a distance from head-quarters, to devise any efficient check on the concerted action of the distillers and distillery moharrirs in avoiding the payment of duty."†

109. The Government of India repeated these objections to the system in 1890, and added "under that system it is the interest of the distiller both to distil illicitly outside the distillery and to smuggle liquor out of the distillery without payment of duty. Thus it was proved in the course of a judicial enquiry in the Gya District of Bengal that out of the spirit made at an outlying distillery only one gallon out of three paid duty to Government, the duty in the second being retained by the preventive officer, who allowed the distiller to take out every third gallon free."‡

110. The system nevertheless survives, and is shown in the last memorandum on Excise Administration in India (1902) as still in force in Bengal, the United Provinces, the Punjab, and the Central Provinces. But its long reign seems to be nearly at an end. In the Punjab it has already been entirely superseded, and its supersession is in progress in the United Provinces. In Bengal a Bill is now under discussion which provides, among other things, for the replacement of sections of the present Excise Act which appear to have been framed with reference to it, and its continuance in the Central Provinces is one of the first matters for the present Committee's consideration.

111. Before leaving it, it will be of interest to reverse Mr. Dalyell's calculation of 1873 in reference to its effects on the revenue, and examine the comparative rate of progress of the revenue in the Punjab, in which during the past five years sadar distilleries have been continuously abolished, till there are now none remaining, and the Central Provinces, which has remained

* *Op. cit.*, p. 16.
† Report, para. 104.
‡ Despatch No. 29, dated 4-2-90, para. 69.

faithful to the system and increased the area under it during that period. The following statement exhibits the figures :—

Provinces.	1859-60.	REVENUE IN						Increase over 1871-72.	Percentage of increase.
		1871-72.	1898-99.	1899-1900.	1900-01.	1901-02.	1902-03.		
	£	£	£	£	£	£	£	£	
Punjab ...	49,859	50,000	171,257	169,577	166,953	162,932	174,999	124,999	249.9
Central Provinces	31,503	76,900	122,469	124,265	108,814	124,987	147,425	70,525	91.7

The figures are less significant than when, as in the former case, the comparison was between a fixed duty and a farming system, but they seem to show two things, first, that there is no reason to anticipate a fall of revenue as the result of a yet more improved system, and, second, that there is great scope for improvement of the country spirits revenue in the Central Provinces, which has not even been doubled in the past 32 years, while that of the Punjab has more than trebled itself.

112. In short, India has outgrown the system. As a first stage towards the levy of the taxation on the consumption it had its uses, inasmuch as it brought a number of out-stills together into one enclosure, but, while it offers every facility for fraud, it affords none for improving the quality of the liquor produced, and is an impossible system to work in a *mahua* country for the reason that this liquor, as made in ordinary country stills, will not bear transport.

113. In the Central Provinces it only continues in its original form in three districts. The following account of it is abstracted from a recent report of the Deputy Commissioner of one of them :—

“Nineteen separate circles are supplied from the sadar distillery at present, and twelve contractors use the distillery. There are four condensing tanks, and the contractors have to distil in turns. The *mahua* is fermented in small earthen pots; and each contractor has two or three dozen going at once. It is necessary thus for the distillery moharrir to label each pot: confusion reigns, and there are constant disputes. In fact the system is as bad as can be imagined.”*

114. The development of the system which is commonly in force elsewhere in the Central Provinces seems to be that of which Mr. A. Lyall wrote in 1867 that “the Central Provinces Administration had been driven by stress of fiscal exigencies to compromises and expedients irreconcilable with the only objects which make it worth while to introduce the system at all,”† and which Mr. Dalyell described in 1870 as “an unrestricted monopoly, the most objectionable of all fiscal arrangements, and one which enables the monopolists to enrich themselves at the expense of the State and the public.”‡ The Chief Commissioner described it in the same year as a “bastard”§ system, viz., one under which one of the chief advantages of the sadar distillery system, the competition between distillers, disappears, and instead a single distiller contracts, generally by agreement, for the monopoly of manufacture and vend of a sadar distillery area. It is hardly necessary to recapitulate the defects of this system: revenue is lost, issues confined to paying localities, prices raised, liquor watered, and smuggling encouraged. The only other Administration that has employed it is that of the United Provinces. It is there only employed as a check on combination of distillers, and doubtless under restrictions that are not in force in the Central Provinces, and it is not now in force in any district.

* Balaghat Deputy Commissioner's Letter No. 178, dated 16th January 1904.

† Letter No. 985, dated 11th December 1867.

‡ Report on the Abkari system of the Madras Presidency, Appendix G, No. 1, para. 27.

§ Revenue Report for 1870-71, para. 236.

115. The Bonded Warehouse system was a further modification of this development of the Sadar Distillery system, with its defects exaggerated by extreme concentration of manufacture without any provision for distillation to a high strength or cheapening of carriage, with the result that the price of liquor was rendered prohibitive at the very places where a cheap supply was most needed.

116. The systems that remain to be considered have all been adopted from the Presidencies of Bombay and Madras, which have practically never used the Sadar Distillery system, but have instead pursued a line of development of their own.

The other three systems have all been borrowed from Bombay or Madras.

That their procedure has been successful is now generally admitted, and the keynote of it lies in the fact that they have encouraged the investment of capital in the trade, the concentration of manufacture, and the production of a cheap good liquor at a high strength. They have thus done away at once with the difficulties of expense, impossibility of supervision of manufacture, and deterioration of liquor in transport. They have further checkmated illicit distillation by the licensees themselves, in the one case by the imposition of a minimum guarantee, and in the other by the separation of the privileges of manufacture and vend, and by the employment of a strong preventive force.

117. The Minimum Guarantee system, the first of those introduced in Berar, is that which is now known as the "District Monopoly system" in Bombay, and is still in force over the greater part of that Presidency. It is described as follows in the Memorandum on Excise Administration in India for 1901 :—

"Under this system the monopoly of manufacture and sale of country spirit in a district or other specified area is leased to a contractor or farmer, who manufactures the spirit required for consumption at a central distillery and pays a fixed still-head duty on passing it out for sale in his shops. The contractor has to furnish a minimum guarantee, that is, he undertakes that Government shall receive not less than a fixed sum each year on account of the liquor manufactured by him. If the duty on the spirits issued within the year comes up to the minimum guarantee, the contractor is liable to no further payment; if the duty falls short of the guarantee, he has to make up the balance." The contractors were at first selected by auction, under which arrangement the system was undoubtedly open to objections on moral grounds, since competition at the auctions raised the guarantee, often to a speculative amount, and the necessity for covering this compelled the contractors to force sales and stimulate consumption. The objection has been removed by the substitution of an arrangement under which the contractors are selected for their business capacity and trustworthiness instead of by auction, an arrangement which has resulted in a remarkable constancy of consumption. It has been very unfavourable from a revenue point of view, however, and some of the districts in which it has been worked show decreases of revenue of from 30 to 60 per cent. The Honourable Mr. Lely has further pointed out that, when any system commits a whole district or a large part of it to a single contractor or licensee who assumes a semi-official position, as he does under the system under discussion, which transfers to him the duties of inspection of shops and the prevention of malpractices, he is liable to exercise a very objectionable influence and to give excuse for much misconstruction of the Government policy.* The system was abandoned in Madras as long ago as 1884-85. It was a failure in Berar, as has already been seen. It still continues in Bombay, but is under process of replacement by the Contract Distillery Supply system of Madras.

118. The two remaining systems, *viz.*, the Modified Bonded Warehouse system in force in Nagpur and Nimar and the so-called 'Madras' system in Ellichpur, Amraoti, Akola and the Malkapur taluk, are identical in their main features with one another and with the Contract Distillery Supply system now in force over the greater part of the Madras Presidency, which is one under which a large distiller contracts for supply at a fixed price, being barred from retail sale, and the retail vend licenses are sold by auction to licensees, who obtain their supplies from the supply contractor on payment of the fixed price

The systems now in force in Nagpur, Nimar and part of Berar are developments of the Madras Contract Distillery system.

* Note, forwarded under cover of Finance and Commerce Department Letter No. 2455-S.R., dated 21-4-04.

plus the still-head duty. The points of difference will be discussed later on. For the present it may be said that the facts to which their success, as compared with others in force in the Central Provinces and Berar, is due are the separation of the privileges of manufacture and vend, and the fact that the latter has been split up into small contracts, and that good liquor is supplied at a fixed price; and in proportion as these principles have been more thoroughly carried into effect in Berar than in the Central Provinces, the system in force there has been the more successful.

119. It remains to consider the revenue results as indicated in the statements and diagrams in the appendices. The influence of the systems adopted on these has already been discussed.

The revenue results are affected by a number of influences.

But there are many other influences that operate most powerfully on the revenue that must be discounted before any conclusion can be drawn as to the desirability or otherwise from a revenue point of view of any particular system. Several of these it is practically impossible to discount at

Several of which it is impossible to estimate.

this distance of time; for instance, the changes due to changes in the tastes of the people, to extensions of railway communication, or to the influence of prices in foreign markets. The influence of large changes in the population again can, owing to the absence of continuous figures, only be inferred from the fact that in the northern divisions, where the rate of increase has been very slow, the revenue has shown none since 1889, while in the rest it has continued to rise. And the undoubtedly large advance in revenue, due to the great expansion in the cotton and other industries, can likewise only be inferred from a comparison of the height and buoyancy of the curves for the industrial areas, such as Berar and the Nagpur division, with those for the more strictly agricultural districts.

120. When it comes, however, to facts affecting the agricultural population, such as the area under cultivation and the price of food-grains, there are not only figures available, but they show the influence of these factors on the Excise revenue to be so far-reaching that at first sight the influence of systems seems to be, comparatively speaking, negligible. Thus it will be seen that the curve of revenue coincides almost exactly with that of the cheapness of food-grains, and with it follows that of the acreage under cultivation which determines it. Where there is a difference a failure of crop is sometimes responsible, as for instance in the case of the Nerbudda division for 1887-88, but more commonly the Excise system supplies the cause, and this is most noticeable in the years that were marked by the introduction of the Bonded Warehouse and Minimum Guarantee systems where it will be seen that the fall of revenue begins before the large fall in cultivation resulting from the famine comes to accelerate it.

121. Another remarkable feature in the curves for the Central Provinces is the coincidence of the curve of prosecutions for the past twelve years with that of revenue, and therefore with that of cheapness. The exact opposite is what was to be expected and what is shown in the curves for Berar, since poverty increases the temptation to illicit dealing, and, if the preventive force does its duty, prosecutions may be expected to increase in proportion. The converse result in the Central Provinces can only be attributed to the fact that the police have many other duties, particularly in famine time, and that therefore the greater the distress the less has been the attention given to Excise offences.

The influence of preventive action.

122. The curves for the divisions are, generally speaking, so very similar that the points of difference between them deserve brief notice. The most marked difference between them is seen in the fact that those for the two northern divisions reach their highest point in the years 1886-87 and 1889-90, respectively, while Nagpur continues rising till 1891-92, Berar till 1892-93, and Chhattisgarh till 1895-96. The want of buoyancy of the revenue in the northern districts is due to a variety of reasons—a decreasing or very slightly increasing population, continued bad harvests, a falling rate of wages, the absence of the industrial developments of the south, and the fact that their long exposed frontier gave, with every attempted improvement in system, increased opportunities for smuggling. The continued advance in Chhattisgarh is due chiefly to the fact

Differences between the divisions.

that the Bonded Warehouse system was never introduced into that division. The only other matter to be remarked is the extensive closure of shops in the Nagpur division in 1892-33, which is responsible for the early cessation of its increase in revenue.

123. From these considerations it may be concluded that, though the excise system has a profound influence on the revenue, the agricultural and industrial conditions have a far greater one. The latter causes are often responsible for conclusions drawn for or against a system on the figures of particular years, and instances could be multiplied where such conclusions have proved erroneous. It is of course essential that any new system that is tried should be carefully thought out in every detail and its working carefully watched, but it is also essential that it should have a fair trial over an extended period, and that the effects of the seasons should be carefully discounted before it is finally accepted or condemned. It is hardly necessary to add that, under proper administration, an increase in revenue is by no means to be regarded as inevitably indicating an increase in consumption.

CHAPTER IV.

Discussion of existing Country Spirit Systems.

124. The system aimed at in the Central Provinces, to quote the Administration Report for 1873-74, was a mixed system,* but it can hardly have been intended that it should be so mixed as it has proved in the event. According to the Excise Report for 1902-03, "there are no less than five systems or combinations of systems, viz.—

The system in force in the Central Provinces is a mixed system.

"(a) In Nagpur, the Modified Bonded Warehouse system.

"(b) In Nimar, the Modified Bonded Warehouse system *cum* Out-stills.

"(c) In Wardha, the Sadar Distillery system.

"(d) In Damoh and Mandla, the Out-still system.

"(e) In other districts, the Sadar Distillery system *cum* Out-stills.†"

It has already been pointed out that there are two varieties of Sadar Distillery system in force, according as the area under the sadar distillery is divided between contractors or leased only to one. A similar distinction may be found in places in the case of out-stills. Yet another element of diversity has been introduced by the practice of leasing out-stills adjoining sadar distillery areas to the sadar distillery contractors, and there are eight different rates of still-head duty in force as well as two different methods of levying it.

125. Before considering the systems individually, it will be well to consider some aspects of this diversity. Under Act XII of 1896 it appears to be contemplated that all initiative in Excise matters will be taken by the Collector, and the natural tendency is for the Excise arrangements of each district to develop on lines of their own. This tendency has of late years been aggravated by the fact that no general proposals regarding the developments proposed to be undertaken in a particular year have been submitted to the Administration, but, instead, those for each district have been dealt with on their individual merits. It cannot be pretended that such a system is for the benefit of the Excise administration. As Mr. Buckland said in writing of Bengal, "It is impossible to expect forty-five district officers to be well versed in the subject of abkari. Some of them are junior men who have had little experience.; it is not a favourite branch of a Collector's duty; he is generally overworked; so that, through one cause or another, Excise in Bengal is generally left to the care of Deputy Collectors, who have themselves had no special training."‡ The statement is applicable to the case of the Central Provinces, with the difference that the officers on whom the Collectors' Excise proposals chiefly depend are the Excise Inspectors. At the same time the Act gives Collectors a power within their districts which Local Governments do not possess, namely, that of prohibiting transport of any quantity of spirit from place to place and making it absolutely penal to carry it across the line—generally a village boundary—that marks off the limits of the sadar distillery area. The prohibition is one that is capable of working great hardship to the people. It is due to the officers who have had the working of it to say that it has not done so, but the effect of the failure to enforce it has been a great reaction on the revenue. Rates have varied between districts, and, instead of uniformity being attempted or illicit transport put down, the border shops in the more highly-taxed areas have been closed. Similar variations within the same district have had the same result. In one case the Committee found no less than five different prices, resulting directly from the systems adopted, within a radius of ten miles. The temptation to smuggling under such a system must be irresistible; there are no organized arrangements for its prevention; and the contractors complain that when they report cases the fines inflicted are nominal. It can hardly be wondered at that they find it more profitable to smuggle themselves. And the grant to them of adjacent out-still areas puts the opportunity in their way. In one instance the

Some aspects of this mixture of systems considered—district variations.

* Administration Report, 1873-74, pp. 28 and 29

† Excise Administration Report, 1902-03, para. 7.

‡ Report on Systems of Excise Administration, 1888, para. 60.

Committee found a single out-still working under these conditions undoubtedly outturning more liquor than the adjacent sadar distillery.

126. While the operation of these causes would have operated to reduce the contract amounts in any case, a further large reduction has been brought about by the practice adopted by some officers of settlement of contracts direct with contractors, instead of by some system that would automatically ensure payment of the market value. The Committee are quite prepared to admit that there is an advantage to be gained by the retention of tried contractors, and that those who have lost money in famine years are entitled to some consideration ; but they think it is a sign that this consideration has been carried too far when contractors who have held their contracts for twenty years, being at last compelled through an auction to pay the market value for the twenty-first, address the Excise Commissioner in the following terms : "We are quite unable to agree to so much increase, but, considering that Government should not be the loser, we are willing to raise the last year's bid by 10 per cent and the remaining portion may kindly be remitted." Another man who has held his contract for forty years, being compelled to pay a fair price in the same circumstances, deliberately threatens default. These petitions are quoted as showing the view that the contractors themselves take of the practice referred to and the manner in which regular vested interests have been allowed to grow up under it. Taking some other files at random, the Committee find settlements made for Rs.9,500, Rs.15,000, Rs.15,000, Rs.9,000, Rs.15,000, Rs.17,000, Rs.18,000, and Rs.16,000, when sums of Rs.10,101, Rs.21,000, Rs.20,000, Rs.12,000, Rs.16,025, Rs.20,000, Rs.22,525 and Rs.21,000, respectively, were actually offered and were in all cases backed by good and substantial security. The market value was possibly considerably more. In one instance in which the Excise Commissioner has made a careful calculation of the contractor's profits, he finds that they amounted to over Rs.16,000 a year on a license payment of Rs.9,000. In another a man whose offer of Rs.28,000 had been recommended for acceptance, fearing competition, himself made a new offer of Rs.35,000. In Nagpur contracts have been continued not only at a low rate of license fee but at rates of 10 and 9 annas per gallon manufactured, when 8 annas was offered, and Akola experience shows that 6 annas is a fair price, while the *tari* contract was thrown in at Rs.3,000 when Rs.4,700 was offered. In this case there was a reason for leniency, namely, losses under the Bonded Warehouse system, but even these must have been amply made up by the liberal treatment accorded to the contractors in the eight years following. On the other eight contracts there was a sacrifice of revenue of at least Rs.28,251. The Committee can find no reason why, if it was desirable for special reasons to retain the old contractors in these instances, they should not have been required to pay at least the sums offered by their competitors for their contracts.

127. The above remarks do not apply to Berar, where only two systems are in force, and all changes or extensions have been made by whole districts or tahsils at a time, with a marked effect on the revenue results, and settlement by auction has been the invariable rule. As a consequence the incidence of revenue in the adjacent and similar districts of Amraoti and Wardha, for instance, is as 10 to 8.

128. To come now to the systems themselves. The exact areas under each in the two Provinces in 1902-03 were as follows :

Provinces.					Area under the Out-still or Farming system.	Area under sadar distilleries.	Area under Modified Bonded Ware- house system or Madras system.
					Square miles.	Square miles.	Square miles.
Central Provinces	...	...	...	...	62,531	12,228	5,090
Berar	...	...	...	...	8,879	..	8,832

The methods adopted in working each of them may be considered in the above order.

129. Before considering the actual conditions of the out-still systems in force it will be well to examine briefly the terms on which they are allowed to be enforced at all. As a system of general application the out-still system has been condemned both by the Secretary of State and the Government of India (*vide*, for instance, Despatches No. 38 Rev., dated 28th March 1889, of the former, and No. 29, dated 4th January 1890, of the latter), and the Secretary of State has requested the specific application of these orders to the conditions of the Central Provinces and Berar in his Despatches No. 26, dated 27th March 1890, and No. 2, dated 16th January 1890. In the latter case the system was restricted as far as possible before the famine, and the question of its further restriction would doubtless have already been submitted to the Government of India had not this Committee been instructed to make recommendations in the matter. In the former there are several conditions which are held to render the retention of the system necessary in certain parts of the Province. These are defined by the Chief Commissioner in his Review of the Excise Administration Report for 1902-03 as follows:—

“In some districts the proximity of Native States (with interlacing boundaries) renders smuggling so easy that no system but that of out-stills could be worked satisfactorily. The system must also for similar reasons be retained in the wilder tracts of the Province where communications are bad and in places where the poorer classes and aboriginal tribes demand a weak and cheap form of liquor. Experience shows that liquor of this class will not keep for any great length of time, while a further difficulty is caused by the fact that its bulk renders the expense of transport proportionately large. It has, moreover, not been found possible to produce liquor of the strengths commonly demanded by watering down stronger spirit after distillation.”

In these excluded areas where the system is allowed to be retained the Government of India and the Secretary of State have indicated the following as conditions to be observed as far as possible:—

- “(a) The careful limitation of the number of licensed shops.
- “(b) The restriction placed on the capacity and working of licensed stills.
- “(c) The enforcement of a minimum price below which liquor must not be sold.” *

These restrictions follow in the main the recommendations of the Bengal Excise Commission of 1884, and are strictly enforced in that Presidency with the addition of limitations on the capacity of the fermenting vats and the strength of the liquor produced, and a high upset price for the privilege of manufacture and sale fixed with reference to the consumption. In Burma, the authorities go even further and attempt to establish a more exact relation between the outturn and the license fee by limiting the number of distillations.

130. The systems in force in the Central Provinces and Berar differ considerably from these systems, and in fact partake more of the nature of a farming system than of an out-still system proper, the distinguishing feature of which appears to be the limitation of the joint right of distillation and sale under each contract to a single locality.† In both Provinces shops for the sale of out-still liquor are farmed in circles with the right of distillation attached, the only distinction between their systems being that in the Central Provinces distillation is only allowed at one shop in each circle while in Berar it is allowed at as many as the farmer chooses. An examination of these systems does not tend to show that they have been in any way effective in preventing drunkenness. In Berar there is no pretence of control, and the description of the system in the ‘Memorandum on Excise Administration in India,’ 1902, contains a frank admission that “there is no restriction in regard to manufacture or prices, and the shops are practically under no supervision.” In the Central Provinces, though the description of the system makes no mention of any specific attempts at limitation of consumption, it is stated that only “suitable and necessary sites for shops are settled,” and that the liquor issued “is of very poor quality and weak strength (from 70° to 85° u.p.),” and there is a rule that “the

* *Vide* Despatch from the Government of India to the Secretary of State, No. 55 dated 19th February 1889, and Secretary of State's Despatch No. 38 Rev., dated 28th March 1889.

† *Vide* Government of India Despatch No. 29, dated 4th February 1890, para. 68.

boilers of an out-still should not exceed the standard and liquid capacity prescribed by the Collector with the previous sanction of the Commissioner of Excise.”* On the other hand, the result of enquiries into the enforcement of the rule shows “that it is retained in some old licenses, but nowhere strictly enforced, nor is its purpose understood by the local officers. Mr. Marten (Deputy Commissioner, Chanda) was of opinion that, as a restriction, the rule was practically inoperative.” †

131. For a brief practical examination of the working of the system the Committee selected the district of Mandla, which has hardly
at Mandla. Their working as observed known any other. They found the shops to be more numerous as compared with the population than in any other district in India of which they could trace statistics, and stills set up on the main road at almost every collection of huts; in one instance there were two of these in a single village of less than twenty houses, the reason being that two out-still circles touched at that point; there were no restrictions in force on the capacity of stills or fermenting tubs; on the other hand, a single contractor had secured the contracts of as many as fourteen circles, and was supplying them all from a central distillery; the liquor sold was of all strengths up to 7° u.p.; liquor was freely given in barter for grain; the shops were open long after 9 p.m., and the licenses contained no condition prohibiting this. The process of distillation was that of the common native potstill, the defects of which are sufficiently well-known to need no further description. That these evils were in a great measure inevitable in an extensive jungle district containing nearly 600 shops of all kinds and full of illicit distillation with only a single Excise darogah to control them, the Committee are not prepared to deny, nor do they contest the opinion of the Deputy Commissioner, Chanda, that under existing conditions the rule restricting the size of the still must be practically inoperative, but they cannot resist the conclusion that the system as worked in the Central Provinces is likely to be a cause of much drunkenness, a conclusion in which they are confirmed by the three following expressions of opinion from the Deputy Commissioners in charge of other districts where the out-still system is in force. Mr. Gaskin, the Deputy Commissioner, Betul, writes—

“The reduction of the out-still area is desirable in the interests of the people. In Betul Liquor is largely consumed by the aborigines in the jungly parts of the district; they become perfect slaves to the habit, and in turn to the Kallar who supplies them. In most of these areas it will be found that they are bound hand and foot to the Kallar; he takes all they have and in turn supplies them with liquor and enough food to keep body and soul together. The effect of this is most pernicious. It forbids all progress—all extension of cultivation. Its result is easily seen in time of famine. Nowhere is there such a complete collapse, nowhere is the mortality more marked than in these areas.” ‡

Mr. Low, the Deputy Commissioner, Balaghat, adds equally emphatic testimony. “Nothing,” he says, “could be worse than the present state of affairs. Crime in this district is far from heavy, but the very high proportion of it due to liquor is a most unpleasant feature. A rape case, a man-slaughter case, a murder case, several heavy assault cases and accidental deaths in large numbers have, during the short time I have been in the district, occurred from drink. Drunken persons are common sights in the public street. It is a matter of general complaint among Europeans that their servants take to drink in the district owing to the cheapness of liquor. In Baihar there are 49 liquor stills each with three or four shops to this small population. The liquor revenue exceeds the land revenue. The consumption of liquor in jungly circles is enormous. . . . Matters are not very much better in the out-still part of the plain. Some system is no doubt wanted which will double at least the price of liquor, and if, at the same time, a less deleterious spirit can be provided, so much the better . . . I may perhaps be permitted to add that I never, prior to my taking charge of this district, considered it necessary to restrict drinking facilities, nor have I now any general views on the subject. I am only strongly convinced that it is necessary in this district.” §

* Excise Manual, 1901, para. 36.

† Proceedings of the Nagpur Meeting, Appendix II, p. 3.

‡ Betul Deputy Commissioner's Letter No. 457, dated 5-2-04.

§ Note on the Committee's proposals printed at page 17 of the Appendices.

Mr. Slocock, lately Deputy Commissioner of Seoni, gives similar testimony to the prevalence of drunkenness in the out-still areas of that district as well as in the sadar distillery area round the head-quarters where a low rate of duty has had to be maintained owing to the impossibility of preventing smuggling from the out-still areas.

132. It is obvious from these statements that it is desirable, not only to restrict the operation of the system within the narrowest possible limits, but also, where it is allowed to continue, to place it under such regulation as will prevent its being a cause of widespread drunkenness. Proposals under these heads will be made in their proper place. For the present the Committee would venture to close this review of the working of the systems by one or two general comments on the portions of the Chief Commissioner's Review for 1902-03 quoted above regarding the conditions under which it must be allowed. The case of the districts adjoining Native States presents conditions similar to those of the area surrounding the French territory of Pondicherry, where it has been found possible to continue the still-head duty system by adopting a low rate of duty and colouring the liquor issued. Of wilder tracts the Melghat of Berar presents an instance; there the Contract Distillery system has been worked with apparent success, the rate of duty being Rs. 3-2-0 per proof gallon and the price of liquor 8 annas per bottle as against 4 annas in Betul. This system gives an incidence of revenue per head of 9 annas 4 pies as against Betul's 5 annas 10 pies, without the deplorable results attributed to out-stills in the latter district. Lastly, as regards the often-repeated argument that the liquor commonly used by the lower classes will not keep, the Committee are indebted to Assistant Commissioner Mr. Mitchell for pointing out that what makes the liquor turn sour is the distillation with or after the spirit of excessive quantities of acetic acid, rendering the product very similar in its constitution to weak claret. This is a defect that can be easily removed under an improved system, and with its removal the difficulty of keeping the liquor will cease to exist. The difficulty of carriage in bulk can be removed in the same way.

133. It has been stated above that the sadar distillery system of the present day bears little resemblance to that originally instituted. This will be best seen by a comparison of the old and the new Manuals. According to Mr. Chisholm's Manual of 1875, "a central distillery is an enclosure within which authority is given to manufacture country spirit. Anyone is free to manufacture in a distillery, and any interference with the process of distillation or the strength of liquor manufactured is forbidden. All that is necessary is to obtain a license from the District Officer to manufacture at one or more stills in the enclosure. This permission should, as a rule, be freely granted in order to prevent anything like a monopoly of manufacture gradually taking root in any distillery. Such monopolies should everywhere be discouraged, more especially when it is the aim of a single wealthy distiller to constitute himself the sole supplier of a large tract of country."

Mr. Danks's account of the system in 1901 is: "Under this system Government maintains central distilleries, in each of which liquor is manufactured for sale at the shops in the sadar distillery area served thereby. The revenue is derived from license fees for the right of retail sale and from a duty on the *mahua* used in distillation. The shops are formed into circles, which can be leased out separately or in a lump. Licensed retail vendors can either obtain a distilling license and manufacture liquor for their own shops, or can buy it from a licensed distiller at the supplying distillery. In most cases one contractor obtains the monopoly of all the retail vend circles, and then takes out a distilling license, and makes all the liquor he requires; but in some instances the retail vend circles have been secured by separate contractors and two or more men take out distilling licenses."

The only distilleries that are still worked on the system described by Mr. Chisholm are those at Betul, Bhandara and Balaghat. Those at Pauni, Chanda, Warora, Wardha, Hinghanghat, Arvi, Jubbulpore, Murwara, Saugor, Seoni, Chhindwara, Hoshangabad, Harda, Seoni-Malwa, Narsinghpur, Raipur, Bilaspur, Sambalpur, and Bargarh are worked under the monopoly system described by Mr. Danks.

134. The areas attached to each sadar distillery, the rates of duty on *mahua*, the issues and license fees for 1903-04 are given in Statement VIII of Appendix IV, from which it will be seen that the areas supplied vary from 112 square miles at Bilaspur to 1,237 at Jubbulpore, as against 10 or 12 miles, the radius originally aimed at, the license fees from Rs. 4,503 for Sambalpur and Bargarh to Rs. 35,500 for Jubbulpore and Murwara, and the duties on *mahua* from 1 anna 6 pies to 4 annas a seer. Two distilleries in addition to those mentioned above were built in 1902-03 at Sausar in the Chhindwara District and Tirora in the Bhandara District, but have never been made use of owing to the impending change of system. The value of all the buildings is borne on the books of the Public Works Department at something between $2\frac{1}{4}$ and $2\frac{1}{2}$ lakhs of rupees.

135. The method of guarding and levying duty is the same under both systems. A moharrir and a police guard of two constables are posted at each distillery, the former being required to be changed at least once a year and the latter every day, or in some cases every week. Their duties are to be continually on the spot and to prevent *mahua* being illicitly passed in or spirits passed out. The duty is levied not on the spirit but on the materials (an arrangement which, by the way, does not appear to have received the sanction of the Government of India, which it requires under section 7 (c) of the Excise Act); and for this purpose a third check is provided in the shape of the daily attendance of the Tahsildar or one of his staff. Walls and gates are provided which are more or less secure, but there are few walls that could not be scaled and few gates that could not be lifted off their hinges, the gudgeons being all pointed upwards.

136. The safe realization of the duty being thus almost entirely dependent on personal checks, it will be interesting to see how far these have been found effective by officers who have had an opportunity of judging. The inspection books show several instances of scales being found to weigh incorrectly, and, as these are simple balances, they can hardly be expected to continue long to give strictly accurate results. Again, the weights have been corrected, not by the addition of lead in the holes provided for the purpose, but by putting rings on to the handles or tying stones or bits of brick to them, and at least two instances are recorded in which they have been found considerably in excess on weighment at the tahsil office. Instances of one or both the guards and the moharrir, or all three, being found absent from their post or asleep are too numerous for quotation, but two inspection notes of recent Excise Commissioners may be cited, showing the value which this part of the personal check held in their estimation. In 1897 at the Nagpur distillery Mr. Cleveland made the following notes: "I paid a surprise visit to the distillery at 3 P.M. to-day. The gates were open and no one near them. I discovered one constable, Saddobha, asleep on a cot right inside the police room; the other constable was away It is a pity that the police guard is so absolutely useless here. The head moharrir had not returned from his mid-day meal It would be strange if his absence to-day on the occasion of my visit were a solitary deviation from a long course of punctuality as he pretends If the moharrirs are honest and attentive, it is quite impossible for any liquor to be smuggled out. But with a head moharrir who goes away for several hours at a stretch, and with a police guard absolutely regardless of its duty, Government revenue is bound to suffer sooner or later." And again, two months later: "The frequent absences of the head moharrir, as noted by the Inspector, appear to be most extraordinary." The moharrir of the same distillery was absent on the date of the Committee's inspection of it. In 1901 Mr. Napier at Warora recorded a shorter but equally significant remark: "The constables were (for a wonder) both present and both in uniform. They are the only check on fraud."

137. Instances of actual fraud are, of course, less common, but they are not altogether wanting. For example, in 1878-79 a head constable was convicted of embezzlement, and in the same year "the moharrir at Atnair was removed; his successor obtained the conviction of the principal distiller, a wealthy man. It

had been the custom to allow him to hold the scales when *mahua* was weighed. His thumb had become quite horny from pressing the beam." In 1885-86 two instances of fraud are recorded. In 1890-91 another constable was detected embezzling a considerable sum of still-head duty. In more recent years excesses in the weights have allowed considerable quantities of *mahua* that have not paid duty to pass into the fermenting tubs. Excesses of this kind have been detected in the last three years in at least three districts—Sambalpur, Saugor and Jubbulpore.

138. These instances are significant inasmuch as there has been no regular system of check-weighment or other systematic action taken for the prevention of excess weighment. On the other hand, as one Deputy Commissioner reports, "the multifarious duties of high officers leave little time for the ferreting out of frauds, corruption flourishes readily among subordinates and for the most part unnoticed."* What is more significant still is the manner in which the outturn of spirit per maund of *mahua* has increased with the increase in the duty. Major Bloomfield in 1876-77 recorded a number of experiments, according to which the lowest amount of *mahua* expended to a proof gallon was 10 seers; Mr. Cleveland in 1897 put it at 12 to 16 seers; and the three distilleries which pay duty on the spirit average 10 to 12. Experiments with the best English machinery recorded in the "Dictionary of Economic Products" and Excise Administration Report of the United Provinces, 1902-03, put it at $9\frac{1}{2}$ seers and $7\frac{1}{8}$ seers, respectively, and the Wardha and Arvi contractors show outturns averaging $7\frac{1}{2}$ and $7\frac{3}{4}$, respectively, in 1902-03, the latter showing some even under 7 seers, their outturn like that of several others having steadily risen with the increase of the duty for the past three years. The contractors ascribe this to better methods of fermentation and to the use of carefully cleaned *mahua*, but the conclusion of fraud is almost irresistible. It is worthy of remark in this connection that a combination of *gur* and *mahua* was tried at Warda in 1900-01, and that, even if the arrangements for check of *mahua* passing into the distillery were complete, there is nothing at all to prevent *gur* being passed in and added to it, *mahua* being the only material mentioned in the instructions to the guard.

139. The Committee have not attempted to estimate the extent of the loss of revenue involved. But the Bengal Excise Commission of 1884 did so in respect of a similar system with astonishing results. Their conclusions will be found in the following extract of their report —

"One form taken by the frauds on revenue during the predominance of the Central Distillery system was the passing out of much distillery spirit untaxed or insufficiently taxed, owing to collusion of the lower Excise officials with the manufacturers. It has been shown that the amount fraudulently passed out in this manner in 1875-76 could scarcely have been less than 345,130 gallons, in which case the amount of fraud would have been Rs. 7,72,947. It has also been shown to be quite possible that the amount passed out without paying duty may have been as much as 567,810 gallons, in which case the amount of fraud would have been Rs. 12,71,658. Probably the actual fraud lay between the two sums. There can be no doubt that like frauds to a similar extent were committed during every year of the Central Distillery system."†

140. A Central Provinces officer of long service arrived at about the same period at much the same conclusion as the Bengal Excise Commission. "Colonel Nembhard was convinced, as the result of his experience, that the distillery system was ruinous to the Excise revenue—opened the door to practically unlimited corruption, led to deleterious adulteration of the liquor sold, which in turn encouraged smuggling and illicit distillation. The revenue was practically at the mercy of the underpaid subordinates who kept the accounts or were otherwise employed at the sadar distilleries."‡

* Narsinghpur Deputy Commissioner's Letter No. ⁵⁵⁰R.V.I dated 2nd February 1904.

† Report, page 128.

‡ Collection of Papers relating to the Excise Administration of India, 1890, page 314.

141. It may be added that the system is most irksome to distillers, who have to wait sometimes till midday or later to get their materials weighed, as well as to the tahsil establishment, whose movements it seriously interferes with. As might be expected, the latter seldom stay at the distillery longer than is just sufficient to weigh the *mahua*, since they are not entrusted with any keys or even required by rule to see that the *mahua* weighed is put under fermentation, and leave the *mahua* store, in which a small balance commonly remains, to be shut up by the moharrir. The constables, if present, are not required to witness the weighing or see the accounts, nor are they required to keep any tally of the bags passed in. There is thus practically nothing to prevent a dishonest distiller and moharrir passing just as much as they please into the fermenting shed.

142. Coming next to the consideration of buildings, plant and processes, it may be remarked that those at Betul, Balaghat and Bhandara are of the rudest possible description, and that the distilleries there amount to nothing but collections of native potstills in Government enclosures. The Balaghat Deputy Commissioner's account of one of them has already been quoted. The Sadar Distillery system so worked is an expensive means of making the worst possible spirit, coupled with much inconvenience to distillers and little advantage to the revenue.

143. The distilleries under monopoly management are decidedly better, though by no means altogether satisfactory. The first thing to attract attention in these are the *mahua* stores. These are small buildings placed outside the enclosures, many of them quite recently constructed and apparently representing some considerable expenditure, but none of them in use. It is not clear why they were ever constructed, since the contractors have no use for them so long as they are allowed, as they are at present, to store their *mahua* in their houses and adopt any process they can think of for reducing its weight before bringing it for weighing, and at the same time are only allowed to weigh in at one time sufficient for a day's distillation.

144. It is needless to say that *mahua* is the chief material in use. It is interesting to record, however, in connection with the question of the competition of *mahua* and sugar spirit, that the Raipur distiller has found it worth his while to obtain special sanction to distil from *gur* on payment of a duty of 2 annas a seer, and sells the product at Rs. 1-4-0 a bottle of about 15° u.p. as against Rs. 1-8-0 for Shahjahanpur rum. Several other distillers, less enterprising, have attempted to compete with foreign liquors by colouring the *mahua* spirit with sandal-wood oil or flavouring it with oranges. The Jubbulpore distiller, as already remarked, issues a coloured spirit in the low duty areas, and has got over the difficulty recorded in the Report for 1902-03 in respect of the settlement of the colouring material, by using an aniline colouring matter sold under the name of "Raspberry Red." A further difficulty seems likely to arise in connection with this experiment for which there is no such easy remedy, *viz.*, that Act XII of 1896 provides no penalty for the smuggling of this cheap liquor, on which rebate is granted, back into the town area, to which the high priced liquor alone is to be supplied. This is one of the many respects in which this Act is unsuited to any system but one of sadar distilleries pure and simple.

145. Fermentation is generally carried on in casks, but the contractors of the Chhindwara and Bargarh distilleries, which are practically little more than large out-stills, use earthen pots. In either case the amount of *mahua* exposed to the action of the water is so small that the process of solution is extremely slow. Artificial ferments are practically unknown, but spent wash is largely used. The proportion of spent wash to water is generally 1 to 2 or 1 to 3, but there are great variations from this; for instance, one distillery uses 2 to 3 and another 1 to 10. Those of both together to *mahua* vary in equal degree. Twenty or thirty gallons of liquid to the maund is the usual proportion, but one distiller uses as little as 9 and another as much as 36. The time taken for fermentation varies from 3 to 6 days in the hot weather and from 6 to 11 in the cold. An observation of the

results leads to the conclusions that outturn and purity vary inversely with the period of fermentation and with the initial gravity of the wash. The washes set up with the highest proportion of spent wash also give larger percentages of outturn than the others. The production of acetic acid, doubtless as a result of unduly prolonged fermentation, is enormous, and sometimes the wash decomposes altogether. *Neem* leaves are sometimes used, nominally to keep flies away, but their proper function is more probably to arrest this decomposition by reason of the tannin in them. Saccharometers are seldom used. When they were found they were almost invariably incorrect, sometimes by as much as 20 degrees, or set to temperatures many degrees below the ordinary temperature of the wash dealt with. There is considerable loss through want of knowledge in this matter, and a very much purer spirit could be produced by a little more attention to the proper principles of fermentation.

146. The stills are, most of them, of the "Persian" pattern, consisting of a copper boiler with a wooden head, to which a gooseneck is attached. The charging of them, which involves the removal of the whole head-piece and the disconnection of the gooseneck from the condenser, is a most laborious process, and generally takes about two hours. The head-pieces are often leaky, and the connections are not secured in any way in the interests of the revenue, and in some there is considerable loss of spirit vapour at the joints. A bung-hole at the top is a common fitting. The explanations of its use are various; one being that it is an escape in case the wash boils over and passes into the worm, another that it is intended for charging the still with spirit for redistillation. Altogether they are decidedly unsafe from a revenue point of view, and must be expensive from the distiller's.

147. The condensers are most inefficient. As a general rule, instead of a continual flow of water being maintained, they are emptied and the empty part refilled with cold water for each distillation, in addition to which the worms are not tapering and are set close together in the centre of the vat. The result is that the liquor leaves the condenser quite hot, and a great deal of vapour must escape condensation altogether. The spirit thus lost is replaced by prolonged distillation of impurities and water.

148. Some few of the distillers possess hydrometers, but they are most of them incorrect. When they apply them, they do so, not to the liquor that is actually passing from the still, but to the whole contents of the receiving vessel. Thus they expend firewood on distilling a liquid which contains no spirit, but, on the contrary, a large percentage of the impurities which *mahua* wash gives out after all the spirit has been extracted from it. Their explanation of the necessity for this procedure is that the liquor spoils if reduced with plain water. This is probably correct as regards any water that could be found in their distilleries, as this would be sure to be full of acetic ferments, which would rapidly act on liquor of the strength produced, but the objection is one that would not apply to liquor that was properly distilled.

149. The receivers are generally casks set at the worm end with an open space between which allows all vapour that escapes condensation to pass clear away; sometimes even pots are used. In these liquor is collected till it arrives at the strength required, and it is then transferred to store. No attempt is made at separation of the feints.

150. The spirit is stored either in vats or casks. The chief defects of the vats, where these exist, are that some are unsound. Losses of 50 and 200 gallons are recorded. The majority are painted or have the flaws in the wood covered in a way that might conceal the removal of plugs; none are set so that the cock will drain the whole vat, and as a consequence there are unprotected bung-holes underneath. The gauging is defective and has not been checked by any responsible officer, and there are no guides to the gauging rods nor anything to ensure that they are put straight into the liquid. The liquor is stored at all sorts of strengths, the *ekbara* of one distiller being the *dobara* of another. It may be remarked in passing that the term *dobara* does not with these distillers imply that double distillation which is resorted to in Europe to ensure purity. That is only allowed under the Manual "when it has been shown to be necessary in the legitimate interests of

the contractor"* and is seldom, if ever, practised. Instead the higher and lower strengths are simply separated as they pass from the still at first distillation. There are no provisions in the rules for the maintenance of an adequate supply, and shopkeepers who come for liquor are not infrequently turned away without it or kept waiting for considerable periods owing to supplies being exhausted. There is very little reduction with water. When there is, the distillers are ignorant of contraction. Blending wastages are therefore unknown. Dryage is written off variously at the option of the Deputy Commissioner, the Excise Inspector or the moharrir in different districts, and no strict account taken of it. In several places moharrirs avoid complications by simply deducting the amount of the dryage ascertained from the outturn of the next day's distillation, thus vitiating the figures of outturn.

151. The provisions for the prevention of the abstraction of liquor are perhaps sufficient under the present system, but would not be so under a system of still-head duty. The walls or gates could be climbed in many places, and in some there are distinct signs of this having been done, and several of the gates could be easily lifted off their hinges. There are many small holes under the eaves, at drain pipes or elsewhere through which bottles could be passed, and, where wire netting has been adopted, it is sometimes screwed on from outside. The greatest danger, however, from the revenue point of view, of the present arrangements is the system of pot transfers, there being nothing whatever to prevent spirit passing out of the gate but the personal check which is so inadequate to prevent *mahua* passing in through it. In fact there is less check in this instance, as spirit runs from the still, where it could be drawn off by any one in the compound, for some hours every day before it is put under lock and key at all. One distiller has recognized this, and put a lock on the receiver for his own protection. The hydrometers employed by the moharrirs are almost all brass ones and several of them incorrect. No test for sugar is applied.

152. The Excise Manual recognizes no arrangement for distribution under this system, which does not by the nature of it contemplate the creation of distributing agencies. Under the monopoly contracts, however, the necessity of such agencies has been found pressing, and a system of central shops has arisen and received the sanction of the Chief Commissioner. These are as a rule under no control, and are combined with retail shops at the head-quarters. Liquor is generally diluted in them to the strengths at which shopkeepers are expected to sell it, and issues attested by entries in shop pass-books.

153. Retail vend under the Sadar Distillery system is conducted either by servants of the contractors or by commission agents or by sub-lessees. The earnings of the vendors in any case are generally insufficient to induce efficient management, and many shops are closed for this reason. In others that are kept open the shopkeepers attempt to increase their earnings by dilution, liquor being sold in some instances at strengths as low as 70°, 77° and 90° u.p. Colonel Nembhard, whose comments on the system have been quoted above, recorded that it was a common practice of shopkeepers to attempt to disguise the fact of dilution by the addition of dhatura and other poisonous ingredients. The Committee have not had their attention drawn to any instances of this practice, but frequently found the liquor so weak and so sour with acetic acid as to amply explain the refusal of the consumers to touch it and their preference for the out-still liquor hot from the still. In most sadar distillery areas the contractors supply measures to ensure fair sale and employ their own inspectors for the prevention of dilution. The maintenance of supply is not enforced, and contractors have been allowed to close a great many shops; for instance, 52 out of 122 in Hoshangabad, 17 out of 34 in Sambalpur, and 3 out of 10 and 4 out of 13, respectively, in the small areas attached to the sadar distilleries at Murwara and Bilaspur; with the result that these areas are abandoned to the illicit distiller and the smuggler. The prices are very variable, but they rise as high as 12 annas a bottle of weak liquor and seldom go lower than 4 annas a bottle under this system, except in Jubbulpore and

* C. P. Excise Manual, p. 32.

Raipur, where special arrangements have been made by the Deputy Commissioners for sale at 3 annas in outlying villages, a rebate of *mahua* duty being given in the first instance for the purpose. The amount claimed under this head in 1903-04 was as much as Rs. 13,099, which seems to indicate either that the cheap liquor is being sold in areas for which it was not intended or that the contractor's representation that a price of 4 annas was beyond the purchasing power of the people was not correct.

154. The description of the Modified Bonded Warehouse system is taken from the 'Memorandum on Excise Administration in India' (1902):—

Modified Bonded Warehouse system.

"Under it retail vendors obtain their licenses at the yearly Excise auctions, and the prices they pay represent license fees. They are bound to obtain their liquor at a specified bonded warehouse, where they buy it at fixed strength and price. The prices paid by them include two items: one the cost price, which goes to the manufacturing contractor, and the other the Government duty. The manufacturing contractor distills the liquor in central Government distilleries and thence removes it in bond to the bonded warehouses, where it is kept ready for sale at fixed strengths to the retail vendors. He obtains his contract by tender or by selection, the point for decision being the rates at which he will undertake to supply liquor for the bonded warehouses: the lower these are the more duty can Government take."

155. The two distilleries worked under this system are similar in most respects to the sadar distilleries. The Nagpur distiller uses yeast, but is ignorant of its operation, and his instruments are hopelessly inaccurate. In the arrangements for issues and levy of duty reliance is again placed on personal check, and a tahsil official, often inferior in rank and almost always inferior in the knowledge of instruments to the moharrir, is required to attend and supervise. There is no periodical stock-taking, and no scales of wastage in store, in transit or in warehouse have been laid down. Blending is avoided by distilling impurities and water till the fixed issue strength is arrived at. Transfer within the distilleries is by hand. The vats are not properly gauged, and even when locked can be emptied through bungholes at the bottom.

The rates of duty are the difference between the sale and cost price. The sale prices for Nagpur are fixed at Rs. 4-0-0 for liquor from 10° to 12° u. p., Rs. 2-8-0 for 45° to 47° u. p. and Rs. 1-14-0 for 50° to 52° u. p., the first two strengths being those adopted for the Nagpur and Kamptee towns and the latter for outlying areas. The present rates of contract price being Rs. 1-0-0, 0-9-0 and 0-9-0 for the three strengths, there is left Rs. 3 per gallon of 10° to 12° u. p., Rs. 1-15-0 per gallon of 45° to 47° u. p. and Rs. 1-5-0 per gallon of 50° to 52° u. p. for duty. At Khandwa only the first two strengths are issued and the contract prices are Re. 1-0-0 and Re. 0-9-0, leaving Rs. 2-4-0 per gallon of 10° to 12° u. p., and Rs. 1-7-0 per gallon of 45° to 47° u. p. for the duty.

It will be observed that none of the above rates are proportionate to strength and that there is a difference in price between the second and third of the Nagpur rates quite sufficient to lead to smuggling, for the check of which the Act provides no machinery. The margin of two degrees is unnecessary, as is the adoption of the three different strengths at Nagpur. The manufacturers' prices are decidedly high.

156. The bonded warehouses, which are the leading features of the system, are situated at large villages, and each of those in the Nagpur district, for which alone accurate figures are available, serves an average of 213 square miles of country. A moharrir is posted at each, whose chief work is the supervision of issues and collection of the duty. The transmission of this to head-quarters under a police guard is a defect of the system which has been remedied provisionally by the transmission of receipts by money-order. Transport is all made at issue strengths and no blending at warehouses is allowed, nor have any rules for regulating wastage been laid down. The cost of transport falls entirely upon the contractor. Nor is there any rule requiring a minimum stock to be maintained. The number of warehouses is large and the establishment is decidedly expensive for the work it does. The number of warehouses in Nagpur has been reduced while the Committee's

enquiries have been in progress. Three moharrirs have been degraded in the past two years on charges of being privy to fraudulent dealings. Technically the whole arrangement for the postponement of the levy of duty, as well as several other points in this system, appears to be contrary to the Act.

157. In principle this system is a great improvement on the Sadar Distillery system in the matter of retail vend inasmuch as it separates the privilege of vend from that of manufacture and divides it up into small contracts. But it has already been seen (para 90) that in practice this division has not been carried into effect in the case of the most important contract under the system, that of the Nagpur and Kamptee towns, with results that are unfavourable both to the revenue and to the consumer.

158. The Contract Distillery system in force in the Ellichpur, Amraoti and Akola districts and in the Malkapur taluk of Buldana in Berar is an improvement on the above in every respect. Two distilleries are at present at work, one at Akola and one at Ellichpur, both Government buildings, for which the contractors pay a suitable rent. The building at Akola, which alone was inspected by the Committee, is an efficient building constructed for an up-to-date distillery with an upper storey for the fermenting vats so as to allow the charging of the stills by gravitation; steam stills which are well adapted for the distillation of a *mahua* wash, consisting as it does largely of solid matter; and a pump, for the conduct of all transactions within the distillery, worked by the boiler which furnishes steam to the stills. The chief defects which the Committee have to remark lie not in the design but in the execution. One, which is in course of being remedied, is the fact that the supports of the upper storey are not strong enough to carry the vats intended to be placed there and the fermenting vats have in consequence to be placed on the ground floor so that the charging of the stills is a laborious process. No artificial ferment is used, with the result that alcoholic fermentation is prolonged, and acetic fermentation a probable consequence. The worm end runs out into the open, so that the uncondensed vapour escapes and the abstraction of liquor is easy. The first products of distillation are largely charged with verdigris, which indicates the necessity for cleaning the worm. The same fact and the fact that the liquor goes cloudy when mixed with water indicate that the process of distillation is conducted to too high a temperature. All the spirit is twice distilled. There are two receivers, one an underground tiled tank in the spirit store and the other a vat, from which abstraction would be easy, in the compound. Neither is quite satisfactory from a revenue point of view.

159. On account of the untrustworthiness of the depot establishments all issues from the distillery are made at the fixed issue strengths of 25° and 60° u. p., and for some reason of which the Committee are not aware storage in the distillery at the same strengths is insisted upon. This necessitates blending and an extensive storage capacity. The blending is done in the receivers with the condensed steam of the boiler, after the liquor has stood for a night. The officer in charge is ignorant of contraction, and had put down wastages due to this cause to a defect in the pump. He keeps a separate store of strong liquor, of which no account is taken, to correct them. The storage vats are efficient, but need to be set so that they will drain through the cock and can be inspected all over, and the gauging and locking arrangements are capable of improvement. So also are the accounts, which are still maintained in the forms adopted when the Minimum Guarantee system was in force. An ample stock is required to be maintained.

160. The rates of duty are again not proportionate to the strength, being Rs. 2-8-0 per gallon of 25° u. p. and Rs. 1-4-0 per gallon of 60° u. p. The cost price is Re. 0-8-6 per gallon of 25° u. p. and Re. 0-4-6 per gallon of 60° u. p., or about two-thirds of that for issues to Nagpur City in spite of the double distillation and otherwise much more elaborate process. A responsible Inspector resides on the spot and supervises the arrangements, assisted by a police guard. No distillation is allowed on Sundays and holidays except under special orders, a salutary rule which is not in force in the Central Provinces.

161. The Ellichpur distillery has not been such a successful venture chiefly by reason of the fact that the demand is not sufficient to keep the steam still in full working and that it is found more profitable to work a " Persian " still in its place.

The Ellichpur distillery.
162. This leads to a consideration of what, in the Committee's opinion, is the greatest defect of the whole system, namely, the provision that the contractor, whose tenure is only temporary, should be required to pay for the whole plant. This involves, not only the loss of interest on nearly a lakh of rupees of capital, but great uncertainty as to the amount likely to be charged at the end of the term for depreciation, a most difficult thing for any available Government officer to estimate, coupled, in the case of Ellichpur, with the fact that the contractor must let the machinery rust or throw good money after bad. These conditions are certain to ultimately result in an increase in the contract price, if not in the Administration finding itself bound to a single contractor who is alone willing to put down the money.

The great defect of the system is the requirement that a short-time contractor should purchase the plant.
163. The liquor is distributed through depots maintained by the contractors. Communications being much better than in the Central Provinces, there are only twelve of these opened, or one to every 731 square miles as against one to every 213 in the neighbouring district of Nagpur. The contractor is allowed to charge 1 anna 3 pies per gallon of either strength for transport, and all payments for this as well as the cost price and the duty are made into the treasury and adjusted monthly, issues being made on presentation of a duplicate of the Treasury *chalan*. Shopkeepers are allowed to draw their supplies direct from the distillery if they prefer it, thus saving the charge for carriage, and many of them from considerable distances do so.

Wholesale supply.
The Committee take this opportunity of pointing out the loss to Government that occurs through carriage of spirit at a low strength, the figures affording a fair basis for calculation. On the figures for 1899-00, for which alone separate figures are available, five-ninths of the total issues were from depots. The total issues for 1903-04 amounted to 1,97,266 gallons proof and 4,54,750 gallons in bulk. Five-ninths of the latter quantity at 1 anna 3 pies a gallon would involve a transit charge of Rs. 19,737. Had this quantity of liquor been carried at 30° over proof, which is about the minimum strength at which issues are made from large distilleries to warehouses for subsequent blending, the charge for carriage would have amounted to only Rs. 6,586. The liquor would have kept better under such an arrangement and much storage space both at distillery and depots would have been saved, with the addition of a round sum of Rs. 13,151, which would have left a substantial balance to be credited in the shape of duty after paying the cost of blending and any addition to the pay of the Sub-Inspectors that might have been necessary. A similar arrangement spread over the present sadar distillery and contract distillery areas in the two Provinces would yield a saving of Rs. 32,577, and, under an improved system, involving greater concentration of distillation and the supply of larger areas, a saving of nearly a lakh of rupees might well be expected.

The confidence at present placed in the Sub-Inspectors, who are of lower grade than those appointed for detective work, is small. They supervise issues, but are not entrusted with the keys of the depots, which are left with the contractors in case of fire. Whenever they close the depot they are required to seal the lock so that it cannot be opened. The system does not seem to be a very secure one at the best, and some of the Sub-Inspectors who met the Committee at Akola represented that it was practically impossible for them to seal the lock on the occasion of every short absence.

164. The retail vend contracts are auctioned annually, 'almost always by single shops. The supply contractors are prohibited from having any concern in retail sale. Sales are allowed only at the fixed strengths, and the shops are supervised by the Sub-Inspectors, of whom there is one to each taluq. The retail prices vary from 6 to 12 annas a bottle for the lower strength and from 12 to 18 annas for the higher. In spite of the slightly higher rate of taxation applied to it, there is an increasing demand for the stronger liquor, particularly in the towns. The proportion of the issues of the two strengths in the Akola district, for instance, was as 1 to 11 in 1901-02 and as 1 to 9 in 1903-04.

Retail vend.

165. It remains to consider certain defects in the arrangements which are not inherent in any system. In regard to the method of disposal of shops, sufficient instances have been given to show what a heavy loss of revenue is involved in the adoption of a system of settlement by direct contract with contractors instead of by tender or auction. The contractor who distils to live must in the ordinary course get the better of the Government officer in such a bargain. It has to be added that no check is put on the grant of licenses for the sale of different intoxicants to the same person. The Committee have found instances in which single contractors have held the monopolies, not only for all classes of liquor, but for both opium and hemp drugs as well. The fact that *tari*, which is a cheap wholesome drink of no great intoxicating power, has gone out of consumption, while cheap imported spirits, which are sometimes just the reverse, have come in, is among the results.

166. The question of the number of shops to area and population is one that requires fuller consideration and much more local knowledge than the Committee have been able to give to it. It has been seen that the declared policy of the Government of India is that "the number of places at which liquor and drugs can be purchased should be strictly limited with regard to the circumstances of each locality."* The fact therefore that, as will be seen from the statement in the margin, the Central Provinces has more shops for the sale of country spirits, as compared with area and population, than any other Province in India, Berar following it close behind, is one that needs full explanation. A further examination of the figures (*vide* Statement IX of Appendix IV) shows that the Central Provinces has more liquor shops in the districts with the largest population per shop than there are in those with the least in Bengal, Assam, Sind and the Punjab, with the exception of the Simla District, where the emptiness of the cantonments and hill stations at the time of the census vitiates the statistics. When this large preponderance of shops is coupled, as it is, with a comparatively small revenue the need for enquiry whether the facilities granted for the consumption of intoxicants are not excessive is all the greater.

Province.	No. of shops 1902-03.	Area per shop in sq. miles	Population per shop. †
‡C. P. ...	6631	11.8	1,442
Berar ...	1084	16.3	2,541
Madras ...	10072	14.1	3,660
Bombay ...	2455	31.0	6,245
U. P. ...	5998	17.9	7,666
Punjab ...	1271	76.5	16,167
Bengal ...	3371	44.8	22,135
Assam ...	216	214.5	26,664

167. The explanation of the preponderance of shops in these Provinces is to be sought in the first place in the numbers of the population of castes that consume intoxicants, in the second in the absence of means of communication, and in the third in the systems employed.

168. The Provinces have long been recognised as large consumers of intoxicants. Mr. Dalrymple in 1871 placed the Central Provinces second to Bombay in this respect, and estimated the annual consumption of spirit at 1/11th of a gallon per head. § The Commissioner of Berar in 1888 declared that the drinking population included the whole population of the Province. || The Chief Commissioner of the Central Provinces made a similar declaration in 1879-80 in regard to opium, namely, that its consumption was confined to no caste, but distributed over all. ¶ The Excise Commissioner of the Central Provinces made an estimate of the drinking population in 1873-74 which showed no district with less than 54 per cent of the population consumers of intoxicating liquors and one with as many as 88 per cent. ** His successor in the next year, while reducing the minimum, increased the maximum to 95 per cent. †† And the present large number of shops in Berar is little more than two-thirds of what it was thirty years ago when Mr. (now Sir Alfred) Lyall recorded the opinion that the number of shops

* Government of India Despatch No. 20, dated 4-2-90.

† Figures of population taken from Excise Reports.

‡ The figure includes temporary shops.

§ Report on the Abkari system of the Madras Presidency, para. 33.

|| Berar Commissioner's Letter No. 393 G., dated 18th September 1888, para. 6.

¶ C. P. Excise Review, 1879-80, para. 16.

** C. P. Excise Administration Report, 1873-74 para. 33.

†† " " " 1874-75, para. 17.

in a district forms a much better test of the drinking that goes on than any other.* The Committee have made some attempts to repeat the estimates of the proportion of drinking classes of the population formed by the Excise Commissioners for 1873-74 and 1874-75, but for want of sufficient local knowledge have been unable to arrive at any figures worth recording. Their general conclusions are that the drinking habit is most common in the Central Provinces in the jungly tracts of Betul, Mandla, Seoni, Balaghat and Chhindwara, with which may be bracketted the district of Chanda, which is also largely inhabited by Gonds and aborigines. Following these come the Mahratta districts of Wardha, Nagpur, and Bhandara, the conditions of which most closely resemble those of Berar. The districts with the least proportion of consumers of intoxicants are Raipur and Bilaspur on the South-East, where there is a large population of Satnami Chumars, who have eschewed the habit of drinking, and Narsinghpur and Damoh in the North-East, where the population is almost entirely agricultural and yet not aboriginal. Saugor, Nimar, Jubbulpore, Hoshangabad and Sambalpur lie between the two extremes.

169. The difficulties of communication in the black cotton districts, particularly in the rainy months, are notorious. A great deal has been done of late years to improve them, but the absence of good roads must continue for some time to come to be an obstacle to reform in many branches of the administration, including the excise.

170. It is unfortunate from the point of view of temperance that the area inhabited by the population most addicted to drinking has been that in which only the system which admits of least control has been found possible. An advanced system, particularly if accompanied by a continuing decrease in the size of vend areas till sale by single shops is reached, inevitably results in the continued weeding out of the less profitable shops till none that are not really required are retained. The tendency of the farming system is the exact reverse, since the farmer can only make a large profit by pushing sales to the utmost. The effect of these contrary systems will be seen from a comparison between the figures for the adjacent districts of Betul, which has chiefly employed the farming system, with, as has been seen, much attendant drunkenness, and Ellichpur, which was put under an improved system in 1893-94. In the year before this latter date the two districts had 355 and 156 shops for the sale of country spirit, respectively. In 1903-04 they had 439 and 119, thus showing a percentage of increase of 24 under the farming system as against a percentage of decrease of 23 under the system that replaced it.

171. This tendency of the systems, coupled with the accession of a large number of shops in the zamindaris, which have only been recently taken under control, has apparently been too strong for the policy of the Administration, which was declared as long ago as 1892† to be to reduce the number of shops to one to every 15 square miles and 1,500 population, a limit which has yet to be reached in thirteen out of the eighteen districts. Some considerable reductions have, however, been made, as has been seen in the preceding chapter, and others are now in progress, more particularly in the zamindaris. The Deputy Commissioners of the jungly districts are fully agreed as to the necessity for reducing the existing number of shops to some such standard as that suggested above, modified with reference to the percentage of drinking population and facilities for illicit practices, and proposals for carrying this into effect will be made in a later chapter.

172. It may be of interest to conclude this review of the matter by a comparison of the figures of shops to area and population in the Province of India that has the largest percentage with those for liquor licenses granted in the United Kingdom. On the latest figures available to the Committee the United Kingdom had one license to 271 people and .77 of a square mile as against one country liquor shop to 1,442 people and 11.8 square miles in the Central Provinces.

173. The proposals above referred to will cover the question of the temporary licenses, the necessity for caution in the grant of which has been prominently brought out in the Honourable Mr. Lely's note, which has been more than once quoted. It may be remarked

* Letter from Commissioner, West Berar, No. 985, dated 9th December 1867.

† Secretariat Letter No. 4588, dated 26-11-92.

here that, though the temporary shops in the Central Provinces are hardly of the class referred to by him, being in reality rather permanent licenses for temporary sale, the Committee believe that there should be no difficulty in a few years in getting rid of this class of licenses altogether, more especially when the number of permanent licenses granted is as large as it is.

174. It remains to remark on the one instance in which a deficiency in the number of shops has come to the Committee's notice. This is in the forest reserves, where in some instances, *e.g.* the Melghat of Berar, all shops have been prohibited. One instance in which there has been too much restriction. This prohibition appears to have been enforced solely for reasons affecting the forest administration, and the Inspector-General of Police, who has recently toured through that part of the country, has represented to the Committee that the prohibition inflicts great hardship on the Korkus, to whom a supply of liquor on certain occasions is a religious necessity.

An even more stringent prohibition has been ordered in respect of the Baiga reserve in the Mandla district where shops appear to be prohibited not only in the reserve but within a radius of twelve miles round it.* This, however, is not a forest reserve, but a special settlement for the backward class of the Baigar, who are much addicted to drinking, and the prohibition was prompted purely by motives of morality. The Committee call attention to it here because they can find no reference to it since 1892-93 and believe that it is liable to be lost sight of. They would venture to express a doubt as to its being effectual in the country concerned unless maintained by strict preventive measures.

175. The license forms are inadequate. The Central Provinces forms contain only the usual conditions as to location within fixed limits, License conditions, early closure, limits of sale, prohibition of credit sales, and closure when troops are in the vicinity, with added conditions that accounts are to be kept if ordered and sub-leases endorsed on the license. Even these are not always entered, as for instance in the case of the out-still licenses, for which no form is given in the Manual. The Berar licenses contain in addition conditions as to strength, prohibition of compounding or admixture of noxious ingredients, minimum stock, transfers to other shops, fixing of a signboard, location in a proper building exclusively used for sale of liquor only, closure of shops on public grounds, prohibition of harbouring of thieves, etc., and of sale by barter, keeping of measures, rendering of accounts, disposal of surplus stock at the end of the year, and levy of fines for breaches of any of the conditions, and prohibit sub-letting. Neither contains conditions as to employment of improper persons, or Collector's approval of persons employed, prohibition of sale to soldiers and children, the right of the Collector to grant occasional licenses for fairs and festivals, the necessity for keeping the shop open and selling to all comers on payment of legal tender, persons authorized to inspect, payment of *kists*, suspension or re-auction in case of failure, or report of offences.

176. The conditions relating to deposits prior to and subsequent to auction are even more defective. Instead of a deposit before auction, with a further one afterwards, and added cash security if the party is reported to be of doubtful solvency to be attached at once if payments fall in arrear while the license is suspended and resold, no security is taken at all in the Central Provinces till twelve days after auction, and then personal security is allowed, and pursuit of defaulters is very slow. The results are patent. The settlements with tried contractors for less than the market rate are one of them, Deputy Commissioners being unwilling to encourage outsiders lest they should run up the bidding out of spite and then default. A large writing off of irrecoverable arrears is another, the defaulters having only the Civil gaol to fear at the worst, and managing generally to secure ample time for collusive dealing before that threatens. It is not uncommon for a license to continue in force up to nine months after occurrence of default. A system of sureties instead of cash deposits is also pursued in Berar, but with better results, which are attributable apparently to the existence of the *watandar* system of village officers. The bidder is certified solvent before the auction and the certificate tested by the Tahsildar. Afterwards a bond is given with sureties or a cash deposit in some instances. The local officers are satisfied

* Central Provinces Excise Administration Report, 1892-93, para. 19.

with the system and the percentage of irrecoverable arrears is small. They claim that it saves the trouble of a system of cash deposits.

177. Some attempts are made to ascertain the value of the various contracts, and Excise Inspectors are always required to be present at auctions to advise Deputy Commissioners. Their calculations, however, too frequently favour the contractors, and there would appear to be considerable scope for improvement in this respect also.

178. The limit of possession is one seer of any strength in the Central Provinces, and one gallon in Berar. Carriage by licensees is covered by pass-books, a system which has advantages over that of separate permits for each transaction. Where central shops are licensed the keepers of the central shops are allowed to issue pass-books of their own. In respect of private possession liberal provisions are found necessary because the aboriginal tribes, who are large consumers of liquor, are not only very ignorant, but require liquor at all family ceremonials. Accordingly, village officers, even though illiterate, village schoolmasters and head constables in charge of out-posts are allowed to give passes up to 18 seers, and chief constables, members of Local Boards and Tahsildars or Excise Darogahs up to 36 seers. In addition, shopkeepers, though they may not grant passes themselves, are permitted by the rules to keep books of passes, and Deputy Commissioners may, with the sanction of the Commissioner of Excise, dispense with the entry of particulars, in certain tracts. The combination of these last provisions with that for the grant of passes by persons who cannot sign their names makes the system particularly liable to abuse, and the present Excise Commissioner is taking action to put their operation under restriction. At the same time the refusal of power to grant passes under any circumstances to shopkeepers seems unnecessary, and the fact that the rules work hardship is testified to by the number of prosecutions for illicit possession, which amount to over 27 per cent of the whole. This latter disability, however, is due to a defect in the law rather than in its application. Section 30 (1) of the Act only allows 'officers' to be empowered to grant permits. It is questionable whether schoolmasters and members of Local Boards can be included in this category. Shopkeepers certainly cannot unless they are created Excise officers under section 33, which would give them undesirable powers in other directions. The Berar rules are much stricter and allow grant of passes by no officer junior to a Naib Tahsildar, but the extension of the limit of private possession makes the necessity for passes much less frequent.

179. The establishments charged with the supervision of these arrangements consist of the Deputy Commissioners with the district Land Revenue and Police staff on the one hand and the Excise Commissioner with the Excise Inspectors, Sub-Inspectors and moharrirs and the special police guards deputed to do duty in the distilleries on the other. As regards the former, it has already been seen that *mahua* weighments and the collection of duty for warehouses lay unnecessary burdens on the tahsil staff and the Station House officers, respectively. These are defects which were brought to notice in the Administration Report for 1902-03. The deposit of *mahua* duty at the police station when the treasury is shut would appear to be equally uncalled for, as is the rule that a guard must always accompany a contractor when he goes to pay money. The proper practice is that in force in Berar to make issue of exciseable articles on production of a treasury *chalan*. As regards sales, it is observed that the Collector has the absolute power of confirmation, that any officer may hold them in his presence or under his immediate personal superintendence at head-quarters, and that a Tahsildar may be empowered to hold them elsewhere. In the matter of collections, on the other hand, the powers given to these officers are much less liberal, and in the Central Provinces every issue of process requires the orders of the Deputy Commissioner, while no attachment of immoveables can be made without the orders of the Chief Commissioner.

As regards the officers appointed specially for Excise work, it is observed that generally there is only a single Inspector to a district in the Central Provinces, and even he has a considerable amount of other work to do. This is quite insufficient for proper control, and has resulted in the abandonment of inspection and control of shops to the contractors, which is a grave defect. There are more

men in the contract distillery areas of Berar, where they are controlled by an Assistant Commissioner specially appointed to charge of Excise revenue, but the out-still areas are left entirely uncontrolled. The bulky monthly diaries submitted are a very unwieldy method of control and generally relate to matters long since forgotten by the time they reach the Excise Commissioner, instead of informing him as to what is actually in progress and enabling him to direct the movements of his subordinates. As for the sadar distillery moharrirs, the Committee are not prepared to say they are as black sheep as the men of the same class condemned by the Bengal Excise Commission, but they have every temptation to be so. The security they give is small and the process of making it up by deductions from salary seems to the Committee to be unsound in principle. The police guards have every opportunity of sleeping away their time, and apparently avail themselves of it to the full.

180. It has been commonly remarked that the Excise revenue of the Central Provinces is exceptionally exposed to injury through illicit practices. Its borders are surrounded by Native States, where cheap liquor is readily available and the country itself is full of the materials for distillation. In addition, the villages in many districts are scattered, communications are bad and a large proportion of the inhabitants are aborigines and large consumers of liquor, which they have been accustomed to make and not to pay for. These disabilities have been in part met by a relaxation of control. On the borders shops have been closed and the drinking population has been allowed to cross for its supplies. Thus at Hoshangabad some 200 or 300 people may be seen crossing the river every night to drink liquor in Bhopal. The same thing has happened round sadar distillery areas, and out-stills have been continued over a large tract of country owing largely to the difficulties of preventing illicit distillation. But the police and special staff have taken active measures for the suppression of illicit practices as well, and no less than 1,221 persons were prosecuted in the two Provinces for offences connected with the liquor law in 1903-04. Full particulars regarding these and other Excise prosecutions and their results will be found in Statements XXII, XXIII and XXIV of the Appendices. The only points in regard to them that appear to the Committee to call for special remark are that the rise and fall of the prosecutions with the revenue in the Central Provinces is unnatural, that the large proportion of cases of illicit distillation reported from the district of Mandla, where liquor is cheaper and shops more numerous than anywhere else, is extraordinary, and that, in the more advanced districts, the proportion of technical offences is somewhat large. The past reports show that illicit distillation is not unknown even in the towns of Nagpur and Jubbulpore, and the opinion of the district officers appears to be that there is considerably more Excise crime than is reported, and that the number of cases detected depends largely on the individuality of the District Superintendents of Police. The inadequacy of the punishments inflicted has been a matter of comment for many years. The average fine imposed in the last five years amounted to Rs.10·8 as against Rs.20 for the five years ending 1879-80, and Rs.12·2, Rs.22 and Rs.29·6, the average for 1902-03 in the United Provinces, Bengal and the Punjab, respectively.

181. It has already been mentioned that the district policies show a tendency to develop too much on individual lines. This is exaggerated by the fact that many of the proposals are not received by the Excise Commissioner till it is too late for him to interpose before the auction takes place. A fixed date for proposals to be submitted and considered, for the Province as a whole, must be a necessary condition of any improved system.

CHAPTER V.

The deleterious elements of ordinary country spirit and the best means of improving it.

182. Before proceeding to suggest a system to replace those considered in the last chapter, it seems to the Committee desirable to consider briefly the question of the deleterious nature of country spirit to which attention is called in the Chief Commissioner's Review of the Report for 1902-03, and in his instructions to the Committee, as this is a question that is closely bound up with that of the system of manufacture to be adopted.

Attention called to this matter by the Chief Commissioner.

183. This question of the impurities present in spirit is one that has received increasing attention of late years. Leading members of the medical profession have shown that a large part of the evil results of drinking is due, not to the ethyl alcohol, but to the impurities present in the spirit of which it is the chief constituent. Accordingly, a majority of European Governments have taken action to limit by law the percentage of impurities to be allowed in spirit issued for consumption. Though the spirit issued for consumption in India is, generally speaking, much more impure than that consumed in Europe, the progress made in dealing with the impurities has been much slower, doubtless by reason of the fact that no expert knowledge of the subject, which is still in a comparatively experimental stage in Europe, has been available. Thus, though a thorough enquiry into the matter was recommended by the Bengal Excise Commission in 1884* and by the Excise Commissioner, North-Western Provinces, in 1899,† it was declared as late as 1902-03 that no quantitative analysis of fusel oil was possible.‡

The matter is one that has received increasing attention of late years in Europe.

184. The Committee are fortunate in having been able to avail themselves of some extracts from a report which marks the first step forward in this matter since Dr. Warden's incomplete report to the Bengal Excise Commission of 1884. In the course of 1902-03 the Chief Commissioner of Assam arranged for an exhaustive analysis and examination of country spirits made in Assam after the native method, by Mr. Weinberg, Chemist of the Rosa Distillery, and subsequently for an enquiry by the same gentleman into the methods employed by the native distillers. With the kind permission of the Chief Commissioner the Committee are enabled to publish some interesting extracts from Mr. Weinberg's report in Appendix III. Following them is a note by Assistant Commissioner Mr. Mitchell, of further enquiries made by him for the Committee into the special circumstances of distillation in the Central Provinces. In the following paragraphs the Committee have attempted to summarize and apply their conclusions.

And has recently been the subject of an important enquiry in Assam.

185. It is hardly necessary to insist on the fact that the commoner Indian country spirit is highly charged with impurities. Thus it is common knowledge that *mahua* spirit as made in the Central Provinces turns cloudy when mixed with water (a rough and by no means infallible test for the presence of fusel oil); the smell and taste of the acids in it is unmistakable, and the fact that it will neither keep nor carry is, as has been recorded in Government of India Despatch No. 29, dated 4th February 1890, one of the chief difficulties of the Government in dealing with it.

There is no question that the commoner country spirit contains a large percentage of impurities.

* Report. Volume I, para. 68.

† Letter No. $\frac{629}{11-181}$, dated 14th December 1899, para. 63.

‡ Assam Excise Report, 1902-03, para. 11.

186. To ascertain the extent of these impurities, however, it is necessary to proceed to a more scientific examination of the subject. The nature of these considered. The chief impurities may be classed according to their general chemical properties as follows :—

- (a) higher alcohols ;
- (b) acids ;
- (c) aldehydes ;
- (d) essential oils and ethers ;
- (e) copper salts.

187. The chief of the higher alcohols, the mixture of which is commonly known as fusel oil, are propyl, butyl and amyl alcohol. Fusel oil. The authorities are not entirely agreed as to their toxic properties. The earlier ones, quoted in Dr. Warden's memorandum for the Bengal Excise Commission, appear to regard them as solely responsible for all the evil results of drinking over and above those produced by an excess of ethyl alcohol. The later authorities, quoted by Mr. Weinberg, would appear to show that a great part of the evil effects of drinking is due to the action of the aldehydes, and that the effects of the higher alcohols are the same as those of ethyl alcohol, but increased in proportion to their toxicity, which a Belgian Chemist, Dr. Van der Velden, estimates as propyl alcohol four times, butyl alcohol six times, and amyl alcohol ten times as poisonous as ethyl alcohol. In either case it seems clear that, by reason of their lower degree of volatility, their effects, in addition to being more harmful, are of much longer duration than those of ethyl alcohol, since the human system is less easily able to rid itself of them.

The particular one of these higher alcohols which is responsible for a high percentage of fusel oil in any particular spirit depends on the materials from which the spirit is made. Amyl alcohol being the commonest constituent of spirit made from starchy bases, which are most commonly used in Europe, fusel oil is ordinarily expressed in terms of amyl alcohol. *Mahua* spirit contains a larger percentage of butyl than of amyl alcohol, but, the toxic power of this being less, its estimation in terms of amyl alcohol is sufficiently accurate for practical purposes.

188. The chief acid present is acetic acid. This, while not actively deleterious to health, ruins the taste of the spirit, making it like vinegar. Mr. Mitchell also shows in his note that it exists in such large quantities in spirit as at present made in the Central Provinces as to produce an obscuration of the hydrometer reading sufficient to materially affect a revenue which is based on the strength of the spirit issued. Acids.

189. The aldehydes of importance present in *mahua* spirit are acetic aldehyde and furfurol (pyromucic aldehyde). Acetic aldehyde is the most volatile of the impurities and the most difficult to eliminate. It imparts a disagreeable pungent smell and flavour to the spirit. A medical paper cited by Mr. Weinberg goes to show that furfurol is responsible for more of the deleterious effects of drinking than any other impurity. Aldehydes.

190. The essential oils and essences are present in such small quantities in ordinary spirit that their influence is immaterial. But in the perfumed spirits which are favoured by the higher class consumers in certain Provinces they appear in sufficient quantities to be decidedly injurious. It is these oils and essences that give the scent to the flower and the scent and flavour to the spirit. In the case of common *mahua* spirit, however, Mr. Weinberg's report suggests that furfurol, the most malignant impurity, is responsible in a large measure for the prevailing scent and flavour, while much of that sold in the Central Provinces is so strongly impregnated with acetic acid that other flavours are masked by it. Essential oils and essences.

191. The poisonous effects of copper salts and verdigris are well known. They result, not from the materials, but from the effect of defective processes of distillation and want of cleanliness in the machinery. Copper salts.

192. The results of various analyses of these different impurities may be briefly summarized. Dr. Warden (1884) analysed a large number of samples of *mahua* spirit for fusel oil, but only made quantitative analyses of four, in which he found that for every hundred parts of absolute alcohol there was 2.525 per cent of fusel oil, or 2,525 milligrammes per 100 c. c. on the average. He also showed that the percentage of acetic acid in the The percentages of impurities estimated by analysis.

distillate was about four times as large after all the alcohol had passed as it was when distillation began. Dr. Schulten (1903) analysed three samples of *mahua* spirit and two samples of sugar spirit, also for fusel oil, and found that the fusel oil in the *mahua* samples ranged from 72 to 623 grains per proof gallon, *i.e.*, from 180 to 1,557.5 milligrammes per 100 c. c. of alcohol, and in the sugar spirit samples from 226 to 261 grains per proof gallon, *i.e.*, from 556.3 to 654 milligrammes per 100 c.c., respectively. Mr. Weinberg has analysed a large number of samples of *mahua* spirit from Assam for fusel oil, acid and aldehydes. The results of the first twenty-five of these analyses are printed in the appendices, and show fusel oil varying from 225 to 2,560 milligrammes per 100 c.c. of alcohol, furfural from 2 to 20 milligrammes, and acetic acid from 473 to 1,898 milligrammes.

Mr. Mitchell analysed two samples of spirit made in the Central Provinces for acetic acid only, and found 206 and 205 milligrammes per 100 c.c. of the crude spirit, respectively.

The Committee found the first products of distillation at two of the largest distilleries in the Central Provinces and Berar strongly impregnated with copper salts. This was confirmed by qualitative analysis at the Madras Excise Commissioner's laboratory.

193. The significance of these results will be apparent from a comparison with some European analyses. These show the proportions of fusel oil in various spirits as brandy 60 to 400 milligrammes per 100 c.c. of alcohol, rum 50 to 300, whisky 70 to 270, and Portuguese spirits 0 to 400 as against 225 to 2,560 for *mahua* spirit; of furfural as brandy 0 to 2 milligrammes per 100 c.c. of alcohol, rum 1 to 5, whisky traces to 4 and Portuguese spirits 0 to 3 as against Mr. Weinberg's results of 2 to 20 for *mahua* spirit; and of acetic acid as brandy 10 to 300 milligrammes per 100 c.c. of alcohol, rum 160 to 250, whisky 0 to 60 and Portuguese spirits 40 to 250 as against 473 to 1,898 in *mahua* spirit.

194. The need for reform in the matter is obvious. A brief consideration of the proper methods of fermentation and distillation and a comparison of it with that already given of the methods now pursued will indicate the lines which it ought to take. The production of impurities occurs both in the fermentation and in the distillation, but ignorance or carelessness in respect of the latter is finally responsible for their presence in the spirit. It is worthy of remark that in both cases the causes that tend to the production of impurities of any one of the classes above considered tend usually to the production of the others, and *vice versa*.

195. In the matter of fermentation the production of ethyl alcohol is greater in proportion as the fermentation is cleaner and quicker. The most satisfactory fermentation is secured when the wash is of a low gravity, not higher than 1,060, which means about 35 or 40 gallons of water to the maund of *mahua*, the vessels such that all the *mahua* is exposed to the action of the water, the temperature not higher than 80° F., and the vessels and buildings strictly clean. A high gravity, a high temperature, slow solution and fermentation, dirty fermenting vessels, and the use of *mahua* which has been infected by clouds of flies, giving equal attention to the fresh *mahua* and the decomposing residue in the fermenting vats, all tend to pervert the normal course of fermentation, and produce various volatile and undesirable bye-products, as will be seen below.

196. A high gravity means concentration of solution, and fermentation is no exception to the usual rule of complicated organic actions that action in a warm and concentrated solution is more irregular and uncertain in its results than action in a dilute and cold solution. If the liquid used is little more than sufficient to soak the *mahua*, as is the case in some distilleries in the Central Provinces, there must be much sugar left in the tissue even when the water is at the saturation point. The alcoholic ferment induces chemical changes in the glucose, and so produces alcohol and carbonic acid. As the alcohol increases in concentration, the matrix becomes less and less suitable to the life of the fungus, and there is a certain strength of alcohol in which it cannot live. In very strong saccharine solutions fermentation proceeds till this point is nearly reached, when the fungus becomes exceedingly feeble in action, and more sugar is used up simply because

another fungus begins to convert the alcohol into acetic acid. The result is that after a certain point acetic acid is formed as fast as alcohol.

197. Another effect of a high gravity is that the temperature which, in the hot weather at any rate, is already higher in this country than is desirable for satisfactory fermentation, undergoes a further serious rise from the over-vigorous chemical action promoted, a result of which is the production of a large quantity of fusel oil and other impurities, the action being, as above noticed, more irregular in a warm and concentrated solution than in a weaker and cooler one.

198. Prolonged fermentation is an inevitable result of the slow solution of sugars which comes of the use of deep and narrow fermenting tubs in which only a portion of the *mahua* is exposed to the action of the water, and this is a defect which cannot be cured even by the addition to the wash of a rapidly acting yeast. But, even so, the native distiller generally allows his fermentation to continue longer than is necessary. The result is that alcoholic fermentation ceases and acetic fermentation takes its place. This process is due to the fungus *mycoderma aceti* which is everywhere present in the atmosphere and which finds most congenial food material in the mineral salts and nitrogenous substances contained in *mahua* wash. To quote Mr. Weinberg, "The acid in distilled spirit is for the greater part produced in the wash by acetic acid bacteria at the expense of the produced alcohol, and a highly acid wash and spirit is always the worst sign of an unclean and lengthy fermentation."

It is needless to add that dirt and flies are a pregnant cause of impurities.

199. In distilling in such stills as are at present used the first thing to be observed is the temperature up to which distillation is allowed to proceed, the second, the proportion of the wash which it is necessary to distil over in order to secure all the ethyl alcohol with as small a proportion of impurities as possible, and the third, the provision of clean and effective condensing arrangements.

It will be obvious from the statement in the margin of the boiling points of

Acetic aldehyde	... 21° C.	ethyl alcohol, water, the higher alcohols and other im-
Ethyl alcohol	... 78 C.	purities, when coupled with the well-known physical law
Propyl alcohol	... 97 C.	that a mixture of liquids with different boiling points
Water	... 100 C.	cannot be separated exactly by fractional distillation, but
Butyl alcohol	... 116 C.	that each will pass over mixed with others at temperatures
Acetic acid	... 117 C.	either above or below its own boiling point, that, if a
Amyl alcohol	... 137 C.	large percentage of impurities is to be avoided, the temperature up to which
Furfural	... 162 C.	distillation is allowed to proceed should not reach the boiling point of water.

The larger the proportion of alcohol in a wash the lower the boiling point of the wash. As the alcohol is distilled over the temperature gradually rises, and, when the temperature reaches or exceeds 100° C., there is no alcohol left. Impurities, however, remain with boiling points higher than that of water, and, as distillation proceeds, these pass over in ever-increasing proportion. The native distiller is ignorant on this point, and sometimes carries on the distillation long after all the ethyl alcohol has passed over, so giving the temperature every chance to rise, and distilling over a high proportion of impurities of every kind. His reason for doing so is that the spirit 'goes bad' and 'wastes' when mixed with water. The first result is due to the fact that his spirit is weak and impure, the weakness letting the acetic ferment live while the impurities give it food to feed upon; the second statement is due to the distiller's misunderstanding of the phenomenon of contraction. Dr. Warden added as a third reason for the practice that the distiller found the liquor so produced to be more intoxicating than a liquor of the same strength produced by an admixture of strong spirit and water, by reason doubtless of the high proportion of the impurities above described. The net result is that spirit so made must contain vastly more fusel oil than any other distilled spirit. In Mr. Weinberg's words, "Drawing off a weaker spirit from the still simply means distilling a longer time and drawing off more water; consequently the impurities, which are less volatile than ordinary alcohol, are for the greatest part carried over in the latter part of the distillate with the water vapour."

200. A further result of the native process of distillation is, as will be seen from Mr. Weinberg's report, the excessive production of furfural. This results from the fact that, in the process of distilling a wash with a large proportion of fibrous matter in it over a naked fire, the fibrous matter becomes locally overheated, since proper circulation is impossible. The hot acids present then attack the overheated tissue matter of the flowers, and the production of furfural is the result.

201. It has already been pointed out that the condensers are most inadequate, but this affects the quantity rather than the quality of the product. A circumstance that affects the quality most seriously, however, is the fact that the worm is left uncleaned after a large quantity of acid has been distilled through it. The result is the formation of copper acetate (popularly known as verdigris), which may be seen in a thick scum on the first product of the next distillation. The exposure of the hot spirit to the air between the worm end and the receiver also results in the oxidation of some of it to acetaldehyde.

202. Lastly, as regards storage. The popular notion that fusel oil disappears with prolonged storage appears to be mistaken, but it is evident from Mr. Weinberg's report that the more deleterious aldehydes, which are very susceptible to oxidation, do so disappear. But storage for any length of time of the liquor at present made, which is the one that needs it most, is impossible because it is so weak and acid that it will not keep, and storage in any case of all the liquor issued for native consumption for any considerable period is impracticable. It is better therefore to avoid producing the aldehydes at all than to attempt to get rid of them by oxidation. In other words, it is best to see that the liquor is pure when it leaves the still.

203. The surest means of any of arriving at this end is to insist on redistillation, rectification, or distillation in the first instance to a high strength in a continuous still and subsequent reduction to the strength required for consumption. This is a point the importance of which was strongly impressed on the Bengal Excise Commission by Dr. Warden, but, as has been seen, redistillation is, if anything, discouraged in the Central Provinces.

204. The above discussion indicates to a great extent the nature of the measures to be adopted in order to remedy the defects in the liquor at present issued. These may now be considered in greater detail.

205. The fermenting vats should be broad and shallow in order that all the *mahua* flowers may be thoroughly immersed and solution of the sugars made as rapidly as possible. With such a vat and with a good yeast, fermentation will be completed in less than 60 hours, with an improved yield of alcohol. While, moreover, cleanliness needs to be observed throughout the distillery, the fermenting vats should have particular attention. They should be thoroughly rinsed out after each operation and scrubbed, if necessary. The smoke of a chip fire will also be found an excellent purifier. So will painting the inside of the vat with lime, provided this is quite freshly slaked. It is useless otherwise.

206. The use of artificial ferments in expediting the process of fermentation should be explained and encouraged. Several attempts at the introduction of such ferments have been made by distillers in these Provinces without success. But their failure was probably due to the over-slow process of solution as above explained. Mr. Mitchell found that by using yeast (*saccharomyces cerevisiae*) under proper conditions he obtained a rapid and exceedingly vigorous fermentation. Without yeast he found that fermentation required from five to seven days; with yeast something under 60 hours. Distillers could easily obtain a supply of yeast from the Jubbulpore brewery, or, better still, they could cultivate it for themselves, and so obtain the modification most suitable to the fermentation of *mahua*.

207. Two other classes of substances may be added to the wash with advantage, substances which prevent the acetic fermentation, and substances of the nature of disinfectants, which prevent the decomposition of the albuminous matter present and the formation

of nauseous impurities. Of the first class those most commonly in use in Europe are sulphuric acid, lactic acid and fluorides. All acids indeed are uncongenial to the action of the *mycoderma aceti*, but by far the most convenient substance in the Central Provinces is spent wash. This is always sterilised from the continued boiling during distillation, and therefore introduces no undesirable ferment. It is rich in acetic acid, and contains besides a large proportion of easily assimilable nitrogenous compounds favourable to the propagation and healthy growth of the yeast. The use of tamarinds, which are rich in tartaric acid, was also strongly recommended by Dr. Warden. Substances of the second class are *babul* bark or *neem* leaves, both of which contain tannic acid, which forms a stable insoluble compound with albuminoids, thus arresting decomposition. Their use also should therefore be encouraged.

208. Another substance that has been sometimes suggested for addition and which is used by some country distillers in Bengal is the *Ranu*, *bakar*, or *ranu* as it is called in Sambalpur, which is used in the manufacture of *pachwai*. Mr. Mitchell made some experiments with *ranu* from Sambalpur, and, though he found that it was an excellent malting agent, and therefore of great value in the manufacture of *pachwai*, it proved of little value as a yeast for the fermentation of *mahua* flowers, which largely consist of glucose.

209. The wash should be set up at a low gravity. The alcoholic ferment will then be able to ferment all the sugar present, and there will be much less risk of the propagation of other ferments. Thirty-five to forty gallons of liquid to the maund of *mahua* is recommended as a proper proportion. This would yield an initial gravity of from 1,050° to 1,060° if all the sugars were immediately dissolved.

210. Fermentation should not be prolonged. If yeast is employed a fermentation of 48 to 60 hours is quite sufficient; and even without it fermentation should not be allowed to proceed for more than three or four days in the hot weather and six days in the cold.

211. The heating of the still should be uniform, and, unless some process of rectification is proposed to be employed, distillation should not be continued after the vapours passing from the still show a temperature of 100°C., nor should the tissue be allowed to become overheated as it does when a *mahua* wash is boiled over a direct fire. A steam potstill is thus much to be preferred to a 'Persian' one. The distiller at Akola uses a simpler form of steam still in which the wash is heated in a vat by a steam coil passed through it. This is another good form of still for the distillation of a *mahua* wash, as it avoids the difficulties above described due to the presence of solid matter in the still and at the same time allows of the regulation of the pressure, and therefore of the temperature up to which distillation is conducted. A continuous potato still would be better than either if it can be established that *mahua* can be profitably mashed. It may be added that in either of the first two cases simple arrangements can be made for rectification by an addition to the head of the still at much less expense than is commonly supposed. Another device for securing a stronger and purer spirit which could be easily adapted to the stills now in use is what is known as a 'doubler,' which is a simple apparatus whereby the hot alcoholic vapours are passed through water, which dissolves and retains many of the impurities and condenses much of the water vapour that comes over with the spirit.

212. Distillation should cease as soon as practically all the alcohol has passed. If the above suggestion as to the initial gravity of the wash be adopted, then, according to Dr. Warden, 25 per cent of the contents of the still would exhaust all the good spirit. The Distillery Inspector could easily tell by his hydrometer when the runnings contained hardly any alcohol. By stopping distillation at this stage a great part of the impurities and acidity now present in *mahua* spirit would be left in the still.

213. So long as the present process of distillation is continued, particular stress should be laid on the cleansing of the worm after each distillation, and no fresh distillation should be permitted until the worm has been well flushed out. This involves very little

additional trouble, since the gooseneck of a 'Persian' still has to be disconnected for every charge, while the steam still at Akola has a cock fitted apparently for the purpose. For a first cleaning the practice of the Bombay distillers of filling the worm with spent wash or crude washing soda dissolved in water for some hours and then flushing it is recommended. It may be noted, however, that these precautions are unnecessary with an improved process of distillation, since it is the excessive production of acetic acid that is responsible for the verdigris, and this will disappear when acetic acid ceases to be distilled over in large quantities.

214. As already remarked, distillation should be carried out to as high a strength as possible. This is a point on which much stress was laid by Dr. Warden in the interests of the consumer, for the reason that, in order to obtain alcohol at a high strength, all the less volatile substances must be condensed before they reach the worm, and either rejected or passed back into the still, and only the pure spirit will remain. It is equally in the interests of the manufacturer, who will save largely in processes, carriage and storage, and of the Government, since the duty so largely depends on the cost of manufacture, storage and carriage. It need only be added that the flavour, except in so far as it is derived from impurities, will not be lost in the process any more than it is in the case of the great bulk of the spirit issued for European consumption, or of Shahjahanpur and other country-made rum, which is all distilled to a high strength in the first instance. It is unlikely therefore that the consumer would object to a change on the score of taste. If he did, his objection would show that his taste was one for a rank poison which it would be only proper to correct.

Thus it will be clear that, if the above principles are applied, as pure a spirit can be made from *mahua* as from any other material, as well as one that will keep and carry and retain its flavour.

215. This being the case, it is unnecessary, as above pointed out, to provide for maturing in the interests of purity. The only recommendation the Committee have to make in this respect is that, in the interests of the distiller as much as of the consumer, distillation should be conducted as far as possible in the cold weather, which is more favourable than the hot both for fermentation and water supply. This would probably also result in a sweeter spirit, as it has been found by experience that *mahua* spirit matures very rapidly. If storage is allowed at a high strength this need involve no increase in storage room, and loss by evaporation may be provided for by a fair allowance.

216. The above considerations all tend to one conclusion, namely, that the more capable the distiller and the more efficient his plant, the better are his results from the point of view of quality as well as quantity. Some improvement under present arrangements could doubtless be effected by insisting upon the adoption of better processes of fermentation and the use of a simple rectifying column or a 'doubler,' but the spirit produced would still be costly and far from perfect. On the other hand, a capable distiller using his own patent still, and understanding it, would produce a cheap spirit and at such a strength that the question of purity would hardly arise. And these stills are now being produced at a price which by no means confines their use to the larger capitalists.

217. One final necessity, in the Committee's opinion, in either case is that of an expert adviser to the Excise Department. Whether the example of the European Governments in imposing a limit of impurities is followed or not, it is clear that, if present distilling methods are pursued, some action must be taken to check the issue of very impure spirit, and this can only be done if some expert adviser is available to thoroughly investigate the process of distillation and analyse the results. On the other hand, if patent stills and improved processes are introduced, the Department will stand in sad need of some technical referee who will understand them. The absence of any such adviser has resulted, in more than one instance, in the prohibition, with the best intentions, of processes which are not only harmless but necessary and beneficial, and, as has been seen in the Central Provinces, in a restriction on the highly-recommended process of redistillation. The Committee themselves have found great difficulty in securing

the technical information necessary for the writing of this chapter. They would therefore strongly recommend that a technical adviser be appointed, not necessarily to this Government alone, in the interest of the trade as much as in that of the Government. They observe, from a reference recently received, that the question of the scientific investigation of the matter is already under the consideration of the Government of India.*

* Finance and Commerce Department Letter No. 2015 S. R., dated 26-3-1904,,para. 15.

CHAPTER VI.

Proposed Country Spirits System.

218. It will perhaps facilitate the understanding of the Committee's proposals to recapitulate briefly a few of the conclusions of the preceding chapters. It has been seen that the Out-still or Farming system is a cause of drunkenness; that the Sadar Distillery system has been a complete failure from an administrative point of view; and that the Modified Bonded Warehouse and Contract Distillery systems are capable of considerable improvement; that good liquor capable of carriage can be made from *mahua*; that concentration of distillation and carriage at a high strength to bonded warehouses will effect a large saving in addition to ensuring supply of a purer spirit; and that the combination of the privileges of manufacture and vend and the grant of large monopolies have been responsible for much loss of revenue.

219. The proceedings appointing the Committee contain instructions for dealing with all these defects. The Committee are instructed to consider the reduction of the area under out-stills, the reduction of stills in the area retained, the extension of the Madras Bonded Warehouse system, the grant of reasonable facilities for the supply of spirit manufactured after the European method, the levy of duty at distilleries on the strength of the liquor instead of on the *mahua*, the separation of the wholesale and retail vend monopolies, and the reduction of the size of the latter.

220. In the present chapter the Committee propose to confine themselves to a consideration of systems, leaving the application of their proposals to be dealt with in the next; and they propose to deal with them in the following order: first, the restrictions to be placed on out-stills where that system is allowed to be maintained, second, the general distillery system to be adopted, third, the arrangements for distillery control, fourth, the rate of duty, fifth, the arrangements for wholesale supply, and sixth, retail vend. Some considerations of the number of shops and other matters will complete the chapter.

221. First, then, as regards out-stills. The Chief Commissioner is desirous of reducing the area under this system, and the Committee believe that they have shown that many of the obstacles to reduction are removable. It remains to make the system as little objectionable as possible where it continues. The first step is that recommended by the Chief Commissioner, *viz.*, to reduce the number of stills. This is a matter which must of necessity be left to local officers, and any attempt to make a rule of theoretical uniformity would be a mistake, nor can the reduction be carried out all at once. The Committee's recommendation is that the attention of all Deputy Commissioners, particularly those of the zamindari districts, should be called to the excessive number of out-stills now existing, and that they should be instructed in making their annual Excise proposals to personally consider the possibility of reduction and, if they are unable to propose any, to explain the reasons as regards each area that is retained under the system.

222. The next point is to limit the size of the still and fermenting vats. This again is a matter for the local officers, and by no means an easy one. What they have to do is to estimate what is a fair consumption for each out-still area and then fix the size of the still allowed, so that, working regularly, it will produce a quantity approximately equal to the fair consumption. The fermenting vats should be likewise limited, so that it is impossible for more than one still charge to be ready in a day. They have next to fix an upset or reserve price for the area attached to the out-still that will represent a fair duty per gallon on the liquor so produced. If no still is sold for less than the price so fixed, there should be some approach to the levy of a fair revenue on the consumption.

223. The next point is to make the liquor as little deleterious as possible.

Improvement in the quality of the liquor This is a question that is being thoroughly investigated by an expert in respect of out-still liquor in Assam, and the Committee would recommend that his report be awaited. One simple experiment might be tried meanwhile, namely, the addition of ashes to the wash. This would involve no extra expense, since out-stills are always heated by wood fires, and the ashes of the fire could be collected and rendered white and pure by heating in a *ghara*. They would, at least, if added in sufficient quantity to render the wash alkaline, entirely rid the spirit of its sourness.

224. To assist preventive action out-still contractors may be instructed, wherever there is danger of smuggling, to place a bag of chips of sandal-wood or some other colouring matter in the receiver so that all their liquor may be coloured, and so easily distinguishable from that issued from the larger distilleries or warehouses. A shopless zone of three miles should also be maintained within the outer limit of all out-still areas.

225. Lastly, there is the question of minimum price. On general principles any attempt to interfere with prices is undesirable. But in this instance the experience of Assam appears to have proved that the notification of a minimum price has a decided moral effect even if it is not always enforced. To quote Sir James Westland "The question of fixing a minimum permissible sale price is one that has been discussed both in Assam and elsewhere. The argument against such a rule, *viz.*, that no power on earth can really prevent its evasion, is valid so far as it goes, but I think that the rule nevertheless has its use. A shopkeeper who pays a tax equal to, say, Rs.2 a gallon, has to fix his prices at a standard sufficient to cover this tax; and, having done so, a small reduction of price is probably an impossibility, as the increase in consumption which he can expect from it is too small to make up for the loss. But it is conceivable that a bolder policy, and a very considerable reduction in price, may so increase the consumption as to make the trade, on the whole, a more profitable one to him. The fixing of a minimum retail price would, it seems to me, go a long way towards preventing a vendor adopting a plan of this kind, not because it would be impossible for him to sell, now and again, below the fixed price, but because he dare not, in the face of such a rule, adopt a policy which can bring success only if the rule is systematically defied."* The Committee would bow to his authority in view of the admitted evil of drunkenness caused by this system, and propose for the present the notification of a minimum price of 2 annas a bottle of any strength.

226. Before proposing a general distillery system for adoption in the rest of the two Provinces, the Committee think it will be well to clear the ground by discussing the seventh head of the Chief Commissioner's proceedings, namely, the necessity for giving greater facilities for the consumption of spirit manufactured after the European method. The necessity for these facilities arises, not primarily out of any question of taste, but because of the great impurity of the *mahua* spirit as at present manufactured. Now the Committee have not only shown that a pure spirit can be quite easily manufactured out of *mahua* but the Chief Commissioner himself has, in a subsequent reference† urged on the Government of India the necessity for admitting spirit manufactured after the European method to country liquor shops. It has been shown in this letter that the question of the taste of the liquor supplied to native consumers is not one that need largely influence the policy of the Administration in matters of supply, and since, if the Committee's proposals are accepted, supply to warehouses will, in the interests of both purity and the revenue, be made at as high a strength as possible, the question of taste as between *mahua* and sugar spirit will only arise in a minor degree, since a great part of the characteristic flavour of *mahua* spirit as now manufactured will disappear with the impurities that cause it. Nor do the Committee share the fear expressed by the Bengal Excise Commission that the introduction of spirit manufactured after the European method will lead to widespread illicit distillation on account of the consumer's preference for an impurer article. Their experience is that the former is highly approved when

* Assam Chief Commissioner's Letter No. 2984, dated 1st August 1889, para. 46.

† Letter No. 3237, dated 2-6 1904.

compared with the excessively sour product of the 'Persian' still or out-still. Moreover, the Chief Commissioner's proceedings show that the need of the present day is for greater facilities for the consumption of rum, which in 1884 was reported to be in great disfavour; in other words that the native consumer is beginning to recognize the benefits of purity. In case any such difficulty should arise it can be met by an arrangement for alternative supply. Spirit made after the European method will thus, instead of being a difficult rival, become a useful alternative.

227. This fact gives rise to other important considerations. It has been seen that the Berar Contract Supply system, which is by far the best of those in the two Provinces, presents one great defect, namely, the necessity of requiring a temporary contractor to lay down or purchase standing an expensive plant in a Government distillery. So long as supply was confined to local manufacture for a surrounding area it was difficult to see how this defect in the system was to be avoided, but, if spirit made after the European method is to be admitted into country liquor shops, and if, moreover, as is indicated by another reference received while the Committee has been sitting,* Act XII of 1896 is to be amended so as to admit of supply of warehouses in one Province by distilleries in others, great developments become possible.

228. On the one hand the Committee observe that the grant of a license to the Cawnpore Sugar Works is likely to increase the supply of machine-made spirit in the United Provinces, while the export of "white rum" from Shahjahanpur is already a matter of complaint in the Punjab;† railway developments are likely sooner or later to establish a connection between the south of the Province and the large sugar factory at Samalkot in the Godavari district of Madras; Bombay is already in close communication with both Provinces, and another Madras distillery has already made large exports of its liquor for sale as 'foreign' spirit there. There is therefore every prospect of keen competition from outside.

229. On the other hand, the Committee believe that the abundance of *mahua* in the Province offers great prospects for the introduction of a local distilling industry on a much larger scale than at present. The tree is protected by law and grows abundantly, and, the Committee would respectfully suggest, is capable of much more productive use than it is at present put to. The Committee have made some experiments in this direction in the hope of showing that there was a prospect of the institution of a sugar as well as a spirit industry in connection with this product. So far as the production of refined sugar goes they have been unsuccessful, the product giving too high a percentage of glucose to be workable,‡ but it is abundantly clear that a *gur* for native consumption can be made, and the Committee estimate that at present prices it can be made cheaper than it can from sugar-cane. The process involves nothing but squeezing the juice out of the flower and evaporating it in the sun, and therefore offers the hope of an industry for the jungle tribes without the danger of forest fires. If supplied in this shape to distilleries the charge for drying it and a large part of that for carriage would be avoided, and the distiller would be free of the difficulties of dealing with solid matter in his wash. It is also of interest to note that, whereas the *gur* made after this process from fresh flowers gives on analysis 80% of sugars of all kinds and 23% of cane sugar, that made from the dried flowers gives only 43% of sugars of all kinds and under 8% cane sugar, a fact which seems distinctly to indicate that there is great advantage in dealing with the flower fresh from the tree. At the same time alcohol is every year being more largely used in connection with industries, such as lighting and tanning, and, more particularly, the working of motors of all kinds, and *mahua*, whether as *gur* or in the solid form, is, as has been shown§, one of the cheapest known bases for distillation. It is found in several places in close proximity to cheap fuel.

Clearly therefore, there is an opening for local distillers working in the first instance to supply contracts in the Provinces, and in the second place for issue to

* Finance and Commerce Department Letter No. 3130 S. R., dated 18-5-1904.

† *Vide* Punjab Excise Report, 1902-03, para. 11.

‡ *Vide* analyses printed at pages 35 and 39 of the appendices.

§ *Vide* United Provinces Excise Report for 1901-02, para. 21; Dictionary of Economic Products, page 413.

other Provinces or for the manufacture of 'foreign' liquor or liquor for industrial purposes, and there are two or three distilleries already at work, notably that at Akola, that could be easily adapted for working on these principles.

230. It has only to be repeated that supply to warehouses at a high strength overcomes the difficulty of cost of carriage while it gives a guarantee of purity and a large saving in cost, to show that supply by distillers using their own premises, if they come forward, gives a much better prospect both of revenue and general control than any other, while freeing the trade from a restriction which it has been recognized by the Chief Commissioner* that it is most necessary to get rid of.

231. The one real objection to the system is that urged against it by the Bengal Excise Commission in 1884, and again by the Excise Commissioner of the North-Western Provinces in 1899, viz., the fear lest the grant of permission to sell in country liquor shops to capitalist distillers should result in an objectionable and dangerous concentration of the whole business of supply in the hands of a few wealthy firms. The Committee have weighed this objection carefully, and believe that it has no force in the present conditions of the Central Provinces. They observe in the first instance that, wherever it has had force, supply has been confined to distillers working within the Province supplied; under the proposed amendment of the law above referred to this need no longer be the case in the Central Provinces; the Province is centrally situated for competition from all parts of India; it is well supplied with railways, and means of communication generally have immensely improved since 1884; there has been an equal improvement in processes and cost of apparatus, and the Committee have ascertained that an up-to-date patent still can be obtained at a considerably less cost than the majority of the existing sadar distillery contractors report having spent on their present inefficient apparatus; lastly, the sugar manufacturer has none of the advantage he has elsewhere, since the local distiller working with *mahua* can produce a good liquor suited to the taste of the people as cheaply as he can make it from his refuse product. The Government of the Punjab without this latter advantage has been able to arrange for the supply of spirit made after European methods to the whole Province, and the Committee firmly believe that, if proper precautions are taken, a similar arrangement may be made for this Province without any danger of creating a monopoly.

232. If this is conceded, there are only two existing systems to consider, the system of competitive supply in force in the Punjab and the system of contract supply in force in Madras. It has been seen that the former has the theoretical advantage, but it has practical difficulties so long at any rate as its operations are confined to the limits of a single Province. This fact has led to its abandonment in Madras, and in the Punjab the number of distilling licenses has already been strictly limited. It has never been tried yet under arrangements that allow competition between distillers in different Provinces, which, the Committee believe, are the only conditions under which it can be successful. It would be impossible, however, to introduce it into the Central Provinces on these terms, at any rate at present while the areas to be thrown open to competition are comparatively small.

233. The Madras system offers much greater facilities. And in discussing this the Committee would desire to observe that the system actually in force in Madras differs widely from the so-called 'Madras' system in the Central Provinces and Berar in that the premises and plant are entirely the property of the distillers, who take their chance of securing contracts either adjacent to or at a distance from their distilleries. Their supplies are made at a high strength in bond to warehouses maintained by themselves, and there reduced under supervision to fixed issue strengths and issued to depôt or shopkeepers on production of *challans* for the payment of the Government duty and the distiller's cost price into the treasury. The distiller's concern in the matter is limited to wholesale supply, and he receives a monthly payment of the amounts paid in on his account.

* *Vide* Secretariat Letter No. 3237, dated 2-6-1904, para. 2.

234. This is the system which the Committee would recommend for adoption as the basis of future administration if contractors for supply from their own premises are forthcoming, but with some modifications. These are, in the first place, that supply should not be limited to distillers within the Province, but that any distiller in India, provided his price is suitable, his liquor good and his security adequate, should be allowed to take up a contract. It would of course lie with outside distillers to arrange with their Local Governments for permission to export in bond. In the second place, they would provide for the maintenance of warehouses by Government and would not require the maintenance of any wholesale depôts by distillers. The maintenance of wholesale supply in the less paying parts of the contract area is the chief difficulty of the present Madras system. It would be enhanced if the distiller did not carry on his business within the Province, and would doubtless cause a considerable addition to the price of his liquor. On the other hand, the Government has buildings that are suited for this purpose and for few others at most tahsils in the Central Provinces. It would therefore obviously be an advantage to convert them into warehouses for use by the contractors. In the third place, the Committee would recommend that the contractor should be required to lay down his liquor at the same price at all warehouses in his contract area. Under any other system, as has been shown, the outlying tracts, where it is most necessary to keep prices down, are liable to pay a much higher price for their liquor than the towns, where it is desirable to enhance the price. The Committee believe that there will be no difficulty in getting contracts taken up on these terms, and, if this can be done, this 'pooling' of the cost of carriage will render much greater uniformity in the rates of duty possible. To make it worth the while of distillers to take these contracts up, as well as to ensure uniformity in the quality of the liquor supplied, it will be necessary to grant contracts for supply over extended periods. The period suggested by Colonel Warren Hastings at the Amraoti meeting, *viz.*, five years, will probably be as suitable as any other. It has only to be added that some further modifications may be needed in Berar, where Government is possessed of large distillery buildings, coupled with the obligation to purchase expensive plant if it does not renew the contract and has no smaller buildings suitable for use as warehouses. These can best be considered when the tenders for contracts come under discussion.

The Chief Commissioner has accorded a qualified approval of these proposals, and enquiries are now in progress as to whether distillers will come forward to take up contracts on these terms. Should they be successful, arrangements may be made for the next year's contracts at once.

235. Should they fail, the Committee would recommend as an alternative the extension of the system now in force in Berar with some modifications. The first of these would be the 'pooling' of the cost of carriage, to be adopted for reasons already given. In the second place, it is desirable that the payment of the cost of plant, if it cannot be avoided altogether, should, at any rate, be put on a more satisfactory footing. It can only be avoided altogether by the purchase of the plant by Government, which involves, in addition to other objections, capital expenditure larger than the Committee are prepared to recommend. They would therefore suggest that the plant should be provided as at present by the contractors, but they would make it a strict term of future contracts, first, that all plant which it is proposed to put up should receive the prior approval of Government; second, that it should all be valued as soon as erected; third, that an allowance should be fixed for annual depreciation; fourth, that an incoming contractor should be required, as part of his contract, to take over the plant of the outgoing one at the valuation less depreciation so fixed, unless he claims a survey, in which case a fresh valuation should be made—at his expense if it is not in his favour. They would recommend for reasons that appear in the previous chapters that steam or continuous stills should be adopted, and, to ensure uniformity, would suggest that the Inspector of Steam Boilers and Prime Movers be asked to undertake the necessary valuation and the fixing of the rate of depreciation. Four or five distilleries of the Akola type worked on these principles would be ample for the supply of the Central Provinces and Berar.

236. The Committee would desire it to be clearly understood, however, that they only recommend this latter system for adoption in the last resort. They regard the system of contracts for supply by distillers using their own premises as greatly superior, and believe that, even if tenders are not forthcoming at once for supply on the system first suggested, there are developments in progress which will make them forthcoming in a very few years. They would therefore strongly recommend a waiting policy in preference to embarkation on a large scheme of building operations, for, apart altogether from the question of the necessity for encouraging the sugar manufacturer and the comparative cheapness and purity of his product, repeated experience shows that a Government officer is always at a disadvantage as compared with private enterprise in estimating the many details that go to make up the success of a business enterprise of this sort. If a temporary supply should be required in the interim, there are several of the existing sadar distilleries that are quite capable, with a little alteration and improvement, of turning out a fair supply of comparatively pure liquor.

237. Whichever system is adopted very much stricter arrangements for distillery control than are in force at present will be required. The system to be aimed at in this respect is the English system, the essential difference between which and that at present in force may best be described by saying that the former treats spirit with as much care as if it were so much coin, perhaps with more, inasmuch as it gives opportunities for fraud through evaporation and contraction that coin does not give; the latter, on the other hand, treats it rather as an ordinary article of commerce of no special value. To avoid burdening this chapter with a long discussion of technical matters, the Committee have printed a copy of the first schedule of the Spirits Act of 1880, which contains details of the system in force, as an appendix.

238. Its main provisions may be summed up in a few sentences. The vessels of each class must be proportionate to one another, that is to say, the distiller must not set up more fermenting backs than are necessary for his stills or more stills than are necessary for his fermenting backs, or more chargers than are required for both; all vessels in the distillery must be close covered vessels with a limited number of openings, all under control; all transfers of wash, water or spirit from one vessel to another must be by close metal pipes; all pipes in the distillery must be so placed as to be visible throughout their whole length and distinctively painted so as to indicate whether they are for conveyance of wash, water, steam or spirit; for the examination of the strength of spirit running from the still a closed 'safe' must be provided at the worm end and all vats must be placed to the satisfaction of the revenue authorities and accurately gauged by the proper officer. The rules of the Inland Revenue Department add provision that the vats must be so placed that they can be examined throughout and that no cock or valve shall be opened except under control of the officer in charge. As an added precaution a special form of lock is adopted, so constructed that the turning of the key tears a ticket attached to spikes in the front. A ticket is required to be attached for every transaction and accounted for after it. The main principles of this system have been successfully enforced for many years past by the Madras Abkari Department, and the Committee regard them as absolutely essential to any proper system of control. It would be out of the question to enforce them under present conditions, but the difficulty will disappear if distillation is concentrated at a few distilleries worked by business firms and controlled by trained officers.

239. Under such an arrangement it will be scarcely necessary to frame rules for the purpose of ensuring the purity of the liquor. If any such are thought desirable, the Committee would recommend the prescription of a minimum strength to which the spirit should be brought before reduction for issue as the simplest and most useful, and would suggest 30° o. p. as a strength easily secured in a good still. The distillery officers might also be instructed in simple tests for common impurities as well as for obscuration, and samples might be submitted periodically for expert analysis.

240. The duty in England is levied from the distiller "in respect of the wort or wash, the low wines and the feints and spirits made in the distillery, and shall be payable according to such of these modes of charge as produces the greatest amount of duty."* It is clear that this arrangement cannot be adapted to the system proposed, which involves postponement of the payment of duty to the date of issue from the distillery or warehouse to the retail vendor, and that under this system duty can only be levied on the spirit as issued from the warehouse. The necessity for care in storage and the adoption of every check possible in manufacture is therefore the more obvious. The English system suggests one of these, *viz.*, the careful weighment of the materials used and estimation of the spirit due with reference to the attenuation of the wash and comparison of the same with what is actually produced. A recent German invention ensures the automatic check of the strength and quality of all liquor manufactured as it passes from the still, and its adoption in lieu of or in addition to the 'safe' may well be considered.

Storage arrangements. The fact that duty can only be levied on the spirit issued makes careful check and storage more than ever imperative.

241. In the spirit store the vats must be placed so that they can be examined all over, made of plain wood so that no removable flaw can be concealed by paint, set at such an angle that they can be emptied through the cock, accurately gauged by a responsible officer, and, so far as possible, there must be no admixture of spirit in them, that is to say, the product of each distillation or, if necessary, of two or three distillations must be passed straight into an empty vat and not added to or disturbed after it is once gauged till it is removed for issue or reduction. It is needless to add that all outer openings must be secured under the joint lock of the distiller and the officer or guarded with wire-netting screwed on from the inside.

Arrangements in the spirit store.

242. The English rule allows for wastage by evaporation, which includes spillage, leakage and the like, up to $1\frac{1}{2}$ per cent on the production of the year, but disallows all wastage if a wastage of 3 per cent is shown. The Madras rule is similar, but charges the tariff rate on suspicious deficiencies. This rule is recommended for adoption, subject to the fixing of rates suited to the circumstances of the Province by actual experiment. Till they are arrived at, all reasonable wastage may be allowed.

Wastage by evaporation.

243. The provisions above made under the head of storage will avoid, for the most part, wastages due to contraction in the spirit store. But these cannot be avoided in reduction to issue strengths, whether at distilleries or warehouses. To minimise them as much as possible it should be provided that separate vats in a separate compartment should be set apart for blending, that these should be emptied before each transaction, and that no admixture should be allowed except of strong spirit and water. A table of the quantities of water needed to reduce given strengths of strong spirit to the proposed issue strengths and of the contractions expected to result will be embodied in the draft rules. Wastages in excess of the limit fixed should be enquired into at the periodical stock-taking and reported for the orders of higher authority.

Wastage by contraction.

244. Spirits when reduced to issue strengths should be passed from the blending vats into a third set in another compartment of the distillery or warehouse, to be called the issue vats, from which issues should be made to retail vendors on production of a *chalan* from the treasury evidencing payment of the duty and cost price. Thus there will be two classes of issues from distilleries, one of strong spirit to warehouses in bond, the other of weak spirit to retailers on payment of cost price and duty; though, of course, it will be permissible to distillers to issue weak spirit to neighbouring warehouses should they prefer to do the blending at the distillery. Issues from warehouses will be generally of the second class, but issues to another warehouse in bond may be allowed for special reasons. All issues must be covered by passes. Those in bond will be in casks carefully gauged with their contents painted at the end. Those to retail dealers should be in their own jars or kegs. Issues in earthenware *gharas* should not be allowed.

Arrangements for issues.

* Spirits Act, section 46.

245. The provisions above discussed for control of spirit stored, blended and issued at distilleries and for the writing off of wastages incurred in storage or blending operations apply equally to warehouses, by which the Committee understand places for storage in bond, blending and issue of the contractor's liquor, maintained by Government and under Government control. The controlling officer will be a trained man, but of less high grade than the officer at the distillery.

246. It only remains to consider the allowance to be made for wastages in transit. The Madras allowances are—

	Per cent.
For a distance not exceeding 10 miles	Nil.
Do. exceeding 10 but not exceeding 100 miles	5
Do. exceeding 100 but not exceeding 200 miles	7½
Do. exceeding 200 miles	10

Wastages in excess of these allowances are charged at the tariff rate unless the Commissioner allows them to be written off on special cause being shown. The Committee would recommend the adoption of this scale.

247. The accounts required for recording these transactions will be elaborate, and there is little to be gained by discussing them here. Full details concerning them will be found in the draft rules.

248. Stock should be taken by a superior officer at both distilleries and warehouses at unexpected intervals at least once a quarter. At the same time all the accounts in the distillery or warehouse should be thoroughly overhauled, and recommendations made to the Excise Commissioner in regard to all wastages in storage, blending or transit that have occurred since last stock-taking.

249. Before touching on the question of issue strengths, it is well to notice the opinion that a duty favouring the consumption of weak spirit in preference to strong makes for temperance. Temperance statistics themselves show that the strength of the liquor consumed has little to do with the prevalence or otherwise of drunkenness in different countries, and Mr. Buckland states "Experience shows that, if country spirit is cheapened by the quality being weaker, the quantity consumed is increased; so that no good is done by taxing weak spirits at low rates." * On the other hand, experience shows also that issue of a very weak liquor alone leads to the adoption of illicit practices in order to obtain a stronger one. This was notorious in Madras under the Minimum Guarantee system, and has been the same in the Central Provinces under sadar distilleries. The Committee have themselves found that the consumers in some places refuse *rasi* altogether, and in others mix *dobara* with it before drinking it, a fact which has been noted also by previous observers. In the areas under out-stills, where a weak liquor is supposed to be in demand, they have found spirit offered for sale as strong as 7° u. p., and in Berar, where the duty favours the weak liquor, the stronger shows a tendency to oust it, though without any increased tendency to drunkenness, thus repeating the history of Madras, where 30° u. p. has, at a proportionate rate of duty, almost ousted 60° u. p. altogether. In these circumstances it seems unnecessary to authorise the issue of anything below 60° u. p., which is the lowest strength issued in other Provinces. For higher strengths, there is every variety in the Central Provinces. That adopted in Berar and Bombay, namely, 25° u. p., which is about the strength of whisky and the lowest in force in the United Provinces, seems to be quite strong enough and preferable to the 10° u. p. of the Central Provinces or the proof spirit of the United Provinces and the Punjab. The Committee therefore recommend that these two should be taken as fixed strengths for issues to retail dealers.

250. In suggesting the rates of duty to be adopted, the Committee have been guided by three main considerations, the first that it is desirable to have as little variety in the rates as possible, the second that it is impossible to apply one uniform rate to circumstances which vary so widely as those of districts of the Central Provinces and Berar, and the third that, though it is desirable to ultimately

* Report on the Bombay and Madras systems of Abkari administration, 1888, para. 56.

take as much of the revenue as possible in the shape of direct duty, the proper rate for each area can only be reached by degrees, and nothing is more likely to be fatal to the success of the scheme than a too sudden enhancement of price.

251. They are much indebted in this matter to the assistance of the local officers. Their first proposal, based upon a supposititious calculation of the difference between the receipts and expenses of the smallest shop it would pay to keep open, was for rates of Rs. 4-6-0 and Rs. 2-8-0, respectively, for the richer and poorer districts. The application of these rates by some of the officers whom they met at Nagpur to the circumstances of actually existing shops showed that, while they were suitable for shops that paid a very low license fee indeed, they did not make sufficient allowance for the license fees of the larger ones, and rates of Rs. 3-2-0 and Rs. 1-14-0 were adopted, after some consideration, in place of them. These were accepted at all the subsequent meetings except by the Deputy Commissioner of Narsinghpur, who represented, after the meetings were all closed, that the latter rate, even though ultimately suitable, would involve too much immediate increase of price in the out-still areas. After a further informal discussion of the matter with him, the Committee have decided to recommend a third rate of fifteen annas as a starting point in the districts of the Central Provinces in which the out-still system largely predominates.

252. In discussing the method in which these rates are arrived at the Committee desire to say at the outset that there are no materials available for an accurate estimation of the sale price of liquor and its distribution under the heads of cost price, carriage, license fees, vendor's expenses and profits, and still-head duty. The Committee have considered a large number of such calculations, and find them all entirely fallacious. The district sale prices as reported seldom vary by less than two annas a bottle, and two annas a bottle is sufficient to make all the difference between a large profit and a considerable loss; the cost price shows equal variations; the cost of carriage, according to some calculations, is immaterial, whilst, according to others, it is sufficient to render any scheme of distribution impossible; the license fees of individual shops are not ascertainable under the systems pursued; and the estimates of vendors' expenses and profits are as variable as those of the cost of carriage. In these circumstances the Committee place their reliance far more on actual experience than on any calculation of the difference between receipts and outgoings. They would add that this extreme difficulty of arriving at an accurate estimate of the conditions of any local area renders it impossible for them to accept Mr. Craddock's suggestion of a sliding scale of duty for different tahsils.

253. The rates of duty at present in force in the districts under the more advanced systems are, for Nagpur, as fixed on the highest strength, Rs. 3-5-4 per proof gallon, as fixed on the next lower, Rs. 3-8-4, and, as fixed on the lowest, Rs. 2-10-0; for Berar, as fixed on the higher strength, Rs. 3-5-4, and, as fixed on the lower, Rs. 3-2-0; and, for Nimar, as fixed on the higher strength, Rs. 2-8-0, and, as fixed on the lower, Rs. 2-9-10. The local officers are agreed that these rates are satisfactory and that a rate that represents a fair average between them may be applied to districts of this class. The rate of Rs. 3-2-0 per proof gallon, which is Rs. 2-5-6 for 25° under proof, and Rs. 1-4-0 for 60° under proof, has accordingly been selected.

254. As representatives of the second class of districts those in which the Sadar Distillery system is now in force may be taken. The total issues of the sadar distillery areas in 1902-03 were 233,776 proof gallons and the total duty receipts Rs. 4,76,588. This gives an average per proof gallon of Rs. 2-0-7. But some of these rates are high for rural areas, as is evidenced by the rebate system in Jubbulpore, and it will probably be necessary to bring a few out-still areas under the second rate of duty. A slightly lower rate is therefore advisable, and Rs. 1-14-0 per proof gallon, which gives Rs. 1-6-6 for 25° and Rs. 0-12-0 for 60° u. p., is recommended.

255. There remain the out-still areas. For these there is no guide available, and great caution is necessary in the first instance in order to ensure the co-operation of the Kallars in the working of the new scheme and not drive them by a sudden enhancement of

price to illicit distillation. So far as the Committee can ascertain, the starting point of most schemes of direct taxation in such areas has been a rate of from 12 annas to one rupee, and they therefore recommend one of 15 annas, which gives convenient rates for the fixed issue strengths, *viz.*, Re.0-11-3 for 25° and 6 annas for 60° under proof.

256. These rates are of course only recommended as a starting point. Their suitability and the possibility of enhancement will be considered with reference to the auction results district by district every year. The Madras Government by a similar process doubled its rates in fifteen years, and it is hoped that, as the Excise administration improves, this Government will be able to take similar action.

These rates are only recommended as a starting point.

257. For the satisfaction of the officers who have expressed doubts as to whether the imposition of a still-head duty will not put liquor out of the reach of the poorest classes, the Committee append the following calculation, premising, however, that they can by no means guarantee its accuracy :—

An estimate of the cost of liquor under this system.

Cost price.—Statement X of Appendix IV shows the probable cost of manufacture of a gallon of 60° under proof at a distillery of the class intended to be used to be 3 annas. This estimate is confirmed by the fact that the contract rates for the supply of Mysore on a system similar to that proposed for the contract ending 1902 was Re.0-3-2. The present Akola contract rate is Re.0-4-6. But the distillery is situated away from the sources of supply, and competition is not effective. The Committee believe that with effective competition a rate of four annas might be secured.

Cost of carriage.—In Statement XI of Appendix IV an attempt has been made to work out the cost of carriage for the Nagpur Division to warehouses and shops. The former comes to 6 pies per bulk gallon as against 1 anna 3 pies, the rate charged by the present Akola contractor. Taking the latter rate as liberal and supposing spirit to be carried at proof strength, this gives a rate of 6 pies per gallon of 60° under proof. There will be some small charge in addition for blending, but this will be more than compensated for by the fact that the cost of transport will be distributed over all issues and that carriage is likely to be at a higher strength than proof.

Duty.—This may be taken as above at 6 annas a gallon for the poorest shops.

Shop rents.—In the case of poor shops these seldom amount to as much as one-third of the still-head duty. Two annas may be allowed, however.

Shopkeeper's expenses and profits.—After making many calculations and finding them all wanting, the Committee have come to the conclusion that there is no way of estimating these but to suppose a shopkeeper who carries and sells his liquor himself or through members of his family and estimate in a lump sum what will be a fair remuneration for his labour. It is not only currently reported that this is the way in which the business is conducted, but it must be obvious that it is so from the fact that the shops are very numerous and yet there are few large centres of population, there being only between ten and twenty villages of over 5,000 population that are not either tahsil head-quarters or closely connected with them by railway. There are no figures from which to estimate present charges and profits, but those of the opium and *ganja* sellers, for whom figures are available, average out to less than Rs. 4 a month, which is the wage of unskilled labour. It seems fair to suppose that an ordinary shopkeeper will be content with Rs.10. This has to be distributed over his average sales. The average sales of shops in sadar distillery areas amount to 129 proof gallons a year. As many of the shops included in this calculation were not opened and large parts of the sadar distillery areas were supplied from out-stills, 120 proof gallons will be a fair allowance for the smaller rural shops. This gives a shopkeeper's profit of one rupee per proof gallon, *i.e.*, 6 annas 5 pies per gallon of 60° under proof.

Final price per bottle.—Adding all these charges together we have a net cost to the consumer of Rs. 1-2-11 per gallon of 60° under proof. At 6 bottles to the gallon this means a price of 3 annas 2 pies per bottle, or under 5 pies for the *adha-pau* which is the consumer's ordinary purchase. At 7 bottles to the gallon, which is the ordinary calculation in the Central Provinces, it would be

2 annas 8 pies per bottle, and at 75° under proof, which is the average strength of the liquor at present drunk, 1 anna 8 pies. As the Committee said at the outset, they do not guarantee these calculations, but they believe they are sufficient to show that there is no danger of liquor being put out of the purchasing power of the poorer consumer. On the other hand, it will continue to be extremely cheap in comparison with other intoxicants until the price is raised either by an increase in the still-head duty or by competition for the vend licenses, and it is only the necessity for securing the co-operation of the present petty distillers as vend licensees that induces the proposal of so low a rate of duty as 15 annas per gallon proof. The Committee have the authority of Mr. Craddock, the Commissioner, Nagpur Division, for saying that the poorest class of labourers are much better off than they were before the famine and can afford to pay considerably more for their liquor than they do at present, and recommend that they should be made to do so as soon as the system has established itself.

258. The separation of the wholesale and retail vend monopolies and the sub-division of the former among several contractors is the second of the points specially referred to the Committee in the Chief Commissioner's proceedings appointing it. The separation has been provided for. In providing for sub-division the first thing to be considered is the grant of such facilities for distribution as will admit men of small capital to the business. For this purpose the Committee propose to adopt the system in force in Berar of having a warehouse to each tahsil. This is more than would ordinarily be required, but the Excise Commissioner considers it absolutely necessary in the present circumstances of the Central Provinces owing to the general ignorance of the majority of the shopkeepers. Even so, he considers that it will be impossible to sell shops singly over a large part of the Province at present, and that further means of distribution in the shape of central shops to be maintained by the farmers of vend circles will be necessary. Thus warehouses will issue on payment of cost price and duty either to independent shops or to the central shops of vend circles and the latter will issue to the remaining shops of the circles. The right of the purchaser to buy liquor will be tested by the Treasury Officer at the time of payment of duty, and all issues from warehouses or central shops will be covered by pass-books. The Committee is indebted to the Commissioner, Nagpur Division, for the further suggestion that, owing to difficulties of communication, shops and circles should not necessarily be attached to the warehouses at the head-quarters of the tahsil in which they are situated, but should be allowed to draw their supplies from whichever warehouse offers the greatest facilities in this regard. The Commissioner is of opinion that these arrangements will suffice to secure the co-operation of the Kallars in the introduction of the scheme, a point that is of great importance if they are to be prevented from frustrating it by illicit distillation.

259. In dealing with the question of retail sale the first thing to be done is to revise the *halkabandi*, or list of sanctioned shops, for each area. This is a matter primarily for the local officers. As the best means of securing uniformity coupled with elasticity in the matter, the Committee would recommend that, in the first instance, each Deputy Commissioner should draw up for each tahsil in his district detailed proposals based on the population of drinking castes showing as a minimum the number of shops that is absolutely required to supply the wants of the people and as a maximum the number beyond which they cannot be increased without encouraging drunkenness. These statements should be submitted for scrutiny and approval to the Divisional Commissioners, whose attention might be invited as a rule for guidance, but by no means necessarily for adoption, to the limits in force in the adjacent United Provinces, which are as follows:—

“(1) No more shops shall be allowed than are necessary to meet the normal requirements of the consuming classes.

(2) In tracts under the distillery system, the number of shops for the sale of country liquor shall not ordinarily exceed the standard proportion of one shop to 5,000 persons or 10 square miles of country, where the population is dense. In sparsely populated tracts, one shop to an area of 12 or 14 square miles will be sufficient.

(3) In tracts under the farming and out-still systems, the number of combined stills and shops should not ordinarily exceed the average of 1 to 8,000 persons or to 16 square miles in densely populated tracts, and of 1 to 18 or 20 miles in sparsely populated tracts. Under ordinary circumstances, no combined still and shop, or outlying shop shall be allowed (a) within three miles of the boundary of a district or pargana which is under the distillery system; (b) within ten miles of a town containing 30,000 inhabitants and upwards, which is under the distillery system; or (c) within five miles of a distillery shop within the same or another district.*

Within the limits so fixed the Deputy Commissioners should be given absolute discretion to open or close individual shops subject to the usual rules as to localities where liquor shops are not allowed and the consulting of local opinion which are cited in Chapter II. A special rule in force in the Central Provinces requires railway companies also to be consulted regarding shops proposed to be located in the neighbourhood of railway stations.† Temporary shops should be abolished. When temporary sale at any place other than a sanctioned shop is allowed at all, it should be allowed under an occasional license to be granted only by the Excise Commissioner, and only on special cause being shown.

260. The actual buildings in which sales are conducted should be required to be open to the road with no private compartments and separated from the shopkeeper's dwelling house by means of communication which are closed at night. All liquor kept for sale should be kept on the premises.

261. In the matter of sale, continual sub-division of the vend areas should be aimed at. In Berar, with warehouses at the taluq headquarters of the districts to which the Central Distillery system has been extended, separate sale has already been arrived at without difficulty. This should be possible at once in the adjacent and similar districts of the Central Provinces, in all towns of 5,000 population and over, and, generally, in the existing sadar distillery areas. Elsewhere, as far as possible, it will be desirable to convert the out-still circles into farms with central shops for the supply of liquor instead of the out-stills as an intermediate stage to sale by single shops, which should be gradually and continuously extended and made universal as soon as circumstances permit, the chief thing to be aimed at being the gradual conversion of the smaller Kallars from petty distillers to retail vendors.

262. All sanctioned shops should be required to be kept open and a supply of spirit to be maintained which should not be coloured, flavoured or watered or otherwise interfered with. To ensure that the consumer gets what he pays for stamped measures should be maintained. A strong preventive force should see that these conditions are observed. The Committee are aware that these provisions are open to the objection that the shopkeepers may be unnecessarily harassed. That, however, they believe to be a preventable evil, while past history has shown that the evils these provisions are intended to check are not. Not only has the liquor been watered till no one would drink it, or poisoned to give it a resemblance to the original, but reports of both Provinces show that false measure has been commonly given, so commonly indeed, that the Administration itself has adopted the standard of seven bottles to a gallon, instead of the commonly assumed standard of six, and it has been seen that, wherever it is the contractor's interest to do so, the conditions are already enforced. The Committee therefore, while they are quite prepared to see them gradually introduced, would urge that these provisions for control of shops should be adopted as an integral part of the scheme, both in order to give Government some control over prices and consumption, to assist in the detection of illicit distillation, to prevent a distaste for the liquor supplied being created by undue watering, and to ensure that the consumer gets what he pays for.

263. The question of the establishment necessary for the introduction and efficient control of the system above described will be dealt with at length in a later chapter. It is only necessary to say now, first, that a strong and efficient special establishment is an absolute

* United Provinces Excise Manual, Part I, Chapter V, page 75.

† Secretariat Letter No. 729, dated 12th October 1881.

essential to success, and, secondly, that the Province can well afford such an establishment. These positions cannot be better established than by the quotation of a note with which the Committee have been favoured by the Commissioner, Nagpur Division—

“With a reformed system of excise which is calculated to improve the revenue,” he says, “the case is stronger than ever for a larger and better paid supervising staff. To begin with the top, the Commissioner of Excise should be a somewhat senior Deputy Commissioner with an allowance added to his grade pay as a Deputy Commissioner. He should hold the post for a number of years and not be moved from it just as he is beginning to master the details of his work. He should have an expert assistant to help him both in technical work and in inspection, which will cover twenty-two districts. Excise Inspectors require to be increased in number and given better pay. And it is absolutely essential that the official in charge of each bonded warehouse should be of much superior status and pay to the individuals who are now in charge of warehouses and sadar distilleries.”

* * * * *

“If the revenue of the Central Provinces and Berar amounts, as it will do in the near future, to 50 lakhs, and the charges are estimated at $3\frac{1}{2}$ per cent on this figure, we should be able to afford an expenditure on establishment and collection of 1·75 lakhs or exactly $2\frac{1}{2}$ times the present expenditure without being liable to be called extravagant.”

The Committee would only add to this that without any improvement in system, the revenue of 1903-04 has already reached 48 lakhs, and that they confidently expect even greater development than Mr. Craddock has anticipated.

264. The questions of auction sales and deposits have already been sufficiently discussed and the defects in the license conditions indicated. Full provisions under these heads will be embodied in the draft rules.

265. The question of the proper date for commencement of the Excise year is one which has been frequently discussed in former reports and was raised again by some of the local officers in the course of the Committee's meetings with them. In the former discussions the necessity of settling the contracts only after the *mahua* crop had declared itself was a prominent feature. But this will cease to be of importance if a long-term contract for manufacture is given. The retail vendor is therefore the person to be chiefly considered. The time most suitable from his point of view was stated by the local officers to be one at which the *khariif* crop had sufficiently declared itself, and this was fixed by those who met the Committee at Pachmarhi as the 1st January, October being suggested as a suitable date for sales. The objection to this date is that, under such an arrangement, the Excise year will not coincide with the financial year, and the Committee observe that in Bombay the Excise year has recently been altered in order to secure such coincidence, and the only instances they can find of any variations still existing are in the case of the Excise year in the United Provinces and of the toddy year in Madras, which both run from October to September. They fear therefore that a change to the calendar year in the Central Provinces is likely to be objected to for account reasons. If not, they would recommend the acceptance of the recommendation of the local officers. No change is needed in respect of other contracts.

266. The question of the limit of possession and the grant of special permits must be briefly considered also, and is one of some difficulty. The necessity for liberal rules in this matter has been explained in a previous chapter. The law limits the possession of country spirit to one seer over all the Provinces to which the present Act applies, and the Committee have reported elsewhere* that they consider that a relaxation of this would be a mistake, not only because it would deprive the Administration of a very necessary control over illicit distillation and retail vendors, but because a relaxation such as is proposed by the United Provinces Government would create great difficulties between Provinces. The issue strengths under that Administration are proof and 25° u. p. Six seers (the limit proposed) of proof liquor are equivalent to 24 bottles of 75° u. p., the present Central Provinces strength. Supposing

Limit of possession and special permits. The limit should be maintained subject to special extension in excepted tracts.

* *Vide* note on the proposed amendment of Act XII of 1896 printed in the appendices.

the relaxation to be granted under existing conditions of varying duty between Provinces, frontier administration would become impossible, since any man in the lower taxed area would be able to carry this quantity of liquor to the border. The Committee are therefore opposed to any general relaxation of the rule, and would, on the other hand, suggest that the limit adopted by the Government of India should be applied under the new arrangements to Berar. At the same time they think that some concession in this matter might well be made to backward tracts, and they would propose that this should be done by an extension of the provisions of section 66 of the Act, under which a Local Government can now exempt any local area from the operation of the rule altogether. This is so wide a power and liable to create so many difficulties, particularly in areas bordering on other Administrations, that it is seldom, if ever, availed of. A power to extend the limit of possession, on the other hand, could be availed of by Local Governments to the great advantage of the people of backward tracts. To avoid its leading to frontier difficulties it might well be limited to areas that do not border on other Administrations.

267. The alternative is to afford liberal facilities for grant of permits by local officers. It has been seen that the present rules, The officers to be empowered to grant special permits. which extend the power of grant of permits to village schoolmasters and members of Local Boards, are not strictly legal, as the law limits the power to officers of Government. The rule commonly in force in other Provinces is that in force in Berar, which limits the power of grant to officers of the rank of Tahsildar. The Excise Commissioner is of opinion that this is too strict a limitation for the present conditions of the Central Provinces generally and much too strict for the backward tracts. Accepting this position, the Committee would recommend the extension of the power of grant of permits to the next lower grade of officers, *viz.*, Revenue Inspectors, Sub-Inspectors of Excise and Head Constables. This should be regarded as a strictly temporary concession, however, to be withdrawn as soon as the circumstances of the Province admit of it.

268. Another concession, which is already in force without formal sanction, Exemption of applications for permits from stamp duty. might be submitted for the sanction of the Government of India, namely, the exemption of applications for the grant of permits from the eight annas stamp duty that is due on them.

269. A third and more important concession that is recommended is the Grant by shopkeepers in cases of urgency. adoption of the Madras rule that, in cases of urgency, *e. g.*, a funeral ceremony, the shopkeeper should be allowed to grant the permit himself. This is the proposal of the late Excise Commissioner as the outcome of a reference to all Deputy Commissioners as to the best means of overcoming the existing difficulties in the working of the rules. The exercise of the privilege could be controlled by the issue of numbered permits in books of ten at a time, by the requirement of a report to the *mukaddam* or other village officer on each occasion that a permit is granted, and by constant inspection. In the backward tracts under out-stills, still greater concessions would be necessary. Written permits, in which the period of currency and other matters have to be entered, cannot be insisted upon in these areas, where the bulk of the population is illiterate; and the issue of a number of paper permits without entry of particulars, which can therefore be used repeatedly, has been shown to be a cause of great danger to the revenue. In any revision of these arrangements it appears to the Committee necessary, first, to reduce the number of permits in currency as far as possible, second, to reduce the currency of the permits so issued, and, thirdly, to ensure that the shopkeepers and Excise officers have means of informing themselves as to what are current at any given time. The best means that suggests itself to the Committee of ensuring these essentials among an illiterate population is to entrust the grant of permits to shopkeepers and to issue to each a strictly limited number, say, six, of stamped metal discs, each of which will serve as a pass for six bottles. The shopkeeper would then be responsible for issuing one of these with every sale of more than a seer, and liable to prosecution if he failed to do so. He would have to get it back for future use, and this would effectually limit the currency. The Excise officer would have no doubt as to the genuineness or otherwise of a permit found covering a consignment, and he would be able to inform himself as to all that were current by calling on the shopkeeper to account for all that were not forthcoming at inspection. The Committee do not claim that this system is a

perfect one, but believe that it would be found both much more workable and much more effectual in backward tracts than the present one.

270. It is hardly necessary to add that the adoption of the proposal last made as well as that of many others essential to the scheme suggested will involve a radical change in the law: The necessity for a change in the law. As the revision of Act XII of 1896 is already under the consideration of the Government of India, there is every reason to hope that this will shortly take place. Meanwhile the introduction of reforms can only be effected by means of devices to several of which, as has been elsewhere remarked, the suspicion of illegality attaches.

CHAPTER VII.

Application of proposals to local areas.

271. The application of the proposals made in the last chapter to local areas must be considered in two aspects, the ultimate and immediate. The introduction of a similar system into the Madras Presidency was spread over a period of fifteen years, and Mr. Carey, the Commissioner of the Nerbudda Division, repeatedly impressed on the Committee at the meeting over which he presided the necessity for a similar caution in the introduction of radical changes in the Excise systems of the Central Provinces. It is proposed, therefore, to consider in this chapter, first, the ultimate application of the above proposals, and, secondly, the stages by which it can be brought about. It will, of course, be understood that the term 'ultimate' is only used relatively. Great developments in the future may render possible very much greater progress than the Committee have anticipated. Their present proposals are limited to such as are now within the range of practical politics.

272. The first question to be considered obviously is that of the areas to be excluded from the operation of the new scheme and left under out-stills. These have been fixed by the local officers as follows :—

(1) A block of very jungly country to the north-east of the Province including the Dindori tahsil and Bichhia circle of Mandla, part of the Kundam circle of Jubbulpore, and the northern zamindaris of Bilaspur with a small portion of reserved forest lying between them.

(2) The remaining outlying zamindaris of the Chhattisgarh division with some portions of khalsa territory that is intermixed with them defined as follows :—

Raipur.—All the zamindaris with the exception of Gundardehi and all the non-zamindari khalsa area to the east of the Mahanadi except the Kasdol and Rajim tracts of the Raipur tahsil and the Sunjari and Dargahan tracts of the Dhamtari tahsil.

Bilaspur.—The Sonakam block.

Sambalpur.—Chandarpur Phuljhar, Borasambar, Kolabera, Lohera, Garh Loisingh and the non-zamindari khalsa between Lohera and Garh Loisingh.

(3) All the portion of the Chanda district to the east of the Wainganga together with the adjoining Chichgarh, Rajoli and Kakori tracts of Bhandara.

(4) The portions of the Nimar district which lie across the Nerbudda or are separated from the rest of the district by Indore territory.

To these the Committee would add—

(5) The portion of the Hoshangabad district between the Makrai State and the Berar boundary, and

(6) The Chandarpur zamindari of the Sambalpur district which is surrounded by Feudatory States.

Some further exclusions were suggested at the meetings, *e.g.*, outlying portions of the Seoni and Balaghat districts that adjoin the block first mentioned, the Chhindwara jagirs and the southern zamindaris of Bhandara where communications are very bad, but these were not intended to be ultimate, and will be discussed later in considering the process of introduction of the scheme.

273. As regards rates of duty, it is impossible to anticipate any but a comparatively immediate development, and the anticipations even of that are liable to be falsified by a brief period of practical experience. It will be seen from the record of the Committee's discussions that they have made repeated reductions in the rates proposed in deference to the opinion of the local officers that caution is above everything necessary in the introduction of far-reaching fiscal changes, but they hope that, when the system has established itself, it will be possible to levy a much larger proportion of the revenue in the shape of still-head duty than at the outset. There is little to be gained, however, by discussing these developments now. Premising that the rates proposed are purely tentative, it has now to be

considered what areas they should be extended to, presuming the proposed system to be extended at once to the whole Province with the exception of the areas above excluded. The rates have been proposed on the supposition that the districts may be divided into three classes, those where a considerable proportion of the population is engaged in industrial pursuits, the purely agricultural plain districts, and the jungle districts inhabited by a large proportion of aborigines. It is clear that this classification cannot be exact, and, moreover, that for preventive purposes it is necessary to apply the different rates of duty to compact blocks of country as far as possible. Acting on these principles the Committee would suggest the following classification of districts, which is based on the recommendations of the local officers :—

For the highest rate of duty—

Nagpur, Nimar (with the exception of the Harsud tahsil), Wardha, with the present Warora sadar distillery area of Chanda, the open part of Bhandara, and of the Sausar tahsil of Chhindwara, and the whole of Berar.

For the intermediate rate—

Hoshangabad, the Harsud tahsil of Nimar, Narsinghpur, Jubbulpore, Saugor, Damoh, the remaining portion of Chanda and the Chhattisgarh division.

For the lowest rate—

Mandla, Seoni, Balaghat, Betul, and the remaining portion of Chhindwara.

It will be seen from the map in Appendix I that this classification gives definite boundaries for the prevention of smuggling, and experience shows that the auction fees may be relied upon to differentiate prices according to the circumstances of the people and to afford an index to the further developments possible.

274. The next point to be considered is the provision of means of wholesale supply. If a system of supply by distillers using their own premises is to be adopted, there is little more to be

said on this head. It has already been proposed that there should be a warehouse at every tahsil head-quarters. The local officers have been consulted as to the necessity for additional ones at all or any of the towns of 5,000 population or over, but have declared them unnecessary. The only additional ones that have been asked for are to supply portions of the Betul and Laknadaon tahsils which are cut off by rivers from the tahsil head-quarters. This may be conceded.

275. The question of the best localities for the establishment of Government distilleries in the event of the owners of private buildings not coming forward to take up the contracts is one needing careful local enquiry, which the Committee have not undertaken, believing that the necessity for such an arrangement will not arise. It has already been seen that four or five distilleries would be sufficient for the supply of the two Provinces, and probably one might be properly located in each division. To arrive at the exact locality which is most suitable in each instance, however, is a matter that requires much local knowledge as to communications, water supply, labour, cost of building and supply of fuel and raw materials. The Committee do not propose therefore to put forward any final scheme in this matter, but, in case the necessity for these distilleries should arise, they put on record the following notes derived from their discussions with local officers :—

Nagpur.—The present situation of the distillery is a cause of complaint. The facts that the site is valuable, while the building will be of little use for an up-to-date distillery, argue in favour of a change. The distillery is also somewhat distant from the sources of supply of fuel and *mahua*. As a site having advantages in these respects Gondia was suggested, but, in a note with which he favoured the Committee after the meeting, Mr. Craddock, the Commissioner, stated reasons, which the Committee cannot but accept, for preferring Nagpur to this site. The matter therefore remains open, and the question of the best site can only be set at rest by a business-like enquiry into the advantages of all the alternatives from the point of view of water supply, communications, cost of building, labour and materials. The Committee would only remark that in the previous discussions they think that insufficient allowance has been made for the immense difference between the cost of carrying materials and fuel and that of carrying liquor. It is clear that the cost of carrying liquor distilled to a high strength must be a fraction of that of carrying the fuel and

materials that go to make it, and that therefore the first thing to be looked for in selecting a site for a distillery after means of communication is proximity to a cheap supply of *mahua* and fuel.

Berar.—Berar has already experienced the result of insufficient consideration of these first two essentials. It has been seen that the steam plant is lying idle at Ellichpur chiefly by reason of the want of railway communication, and it is reported, though the Committee are inclined to doubt the statement, that it would cost less to buy new plant than to cart it back on to the line; and at Akola the distiller's chief complaint is the high cost of carriage of *mahua* and fuel. There is so much capital sunk in it that it is out of the question to move this distillery now, but it may be possible under new conditions to somewhat cheapen carriage by running a siding into it. Ellichpur may be maintained as a supplementary source of supply; the two distilleries are capable of supplying the whole of Berar and another district or two in addition.

Nerbudda.—The great *mahua* market is at Itarsi, but, as water is scarce there, that is unsuitable as a site for a distillery. Hoshangabad and Sohagpur are suggested as alternatives. The former has a good water supply and an existing building that could be adapted; the latter has the cheaper *mahua*. Only a full local enquiry will decide between them. At the same time it is by no means certain that a distillery would ultimately be needed here at all. Unless their consumption increases very largely, a single distillery at Jubbulpore should be sufficient to supply the two divisions.

Jubbulpore.—There seems to be no question in this case that the head-quarters of the division would be the best locality for a distillery, and the sadar distillery there is probably the best in the Province.

Chhattisgarh.—Opinion is divided between Bilaspur and Raipur. The one has the better water supply and railway communication, but building is much cheaper at the other owing to the great expense of foundations in the black cotton soil of Bilaspur. Neither of the existing distilleries is large enough to be adapted. The Excise Commissioner and the Deputy Commissioner, Raipur, are making enquiries as to which would afford the best site for a new central distillery in the event of one being required in this division. Here again a distillery might perhaps be dispensed with, as the consumption is small and likely to be further reduced if the Sambalpur district is detached from the Province. If the Berar distilleries supplied half the Nagpur division, a large distillery at Nagpur or in the Gondia neighbourhood could supply the other half and Chhattisgarh.

276. The last element of the system to be introduced is that of the sub-division of vend areas. This needs no discussion at this stage, since it is obvious that the ultimate development to be aimed at must be the separate sale of all shops in the areas under the new system.

277. But it is clear that these developments cannot be brought into force all at once, and that, as Mr. Carey impressed on the Committee, great caution is necessary in their introduction. This is most necessary, in the first instance, in order to avoid an outbreak of illicit distillation resulting from an undue enhancement of price, the displacement of the out-still contractors, or the creation of a distaste for the liquor supplied among the aboriginal tribes; in the second place to allow for long contracts now running to expire; and in the third place to allow for arrangements for contract supply to grow up and to educate the establishment and the shopkeepers in the new system, and more particularly in the matter of carriage.

278. The last purpose will probably be served if the districts affected by the first two are excluded at the outset from the operation of the system. The districts chiefly affected by the caution urged upon the Committee by Mr. Carey and other officers are those that lie above ghats, which it has already been proposed to place under the lowest rate of duty, that is, Mandla, Seoni, Balaghat, Chhindwara and Betul. Portions of these, which are already under the Sadar Distillery system, may as well come under the new one as continue under that arrangement, but it is undesirable to introduce either into the out-still areas at present. These areas may therefore be regarded as the last into which the new system should be

But these developments can only be gradually introduced. Recommendations for immediate action.

The upland districts are those in which caution is most necessary.

introduced. This recommendation may appear to be somewhat at variance with the fact that they are those that suffer chiefly from drunkenness under the present system, but it is nevertheless regarded as necessary by the local officers on account of the ignorance of the inhabitants, the cheapness of the liquor to which they are accustomed, the difficulties of carriage and the facilities for illicit distillation. These arguments the Committee cannot but accept. At the same time they do not recommend that the present state of affairs should be allowed to continue unchanged. On the other hand, they would suggest that the way should be prepared for the introduction of the new system by a strict enforcement of the proposals made in the previous chapter in regard to the control of out-stills and reduction of shops. The new system might then be gradually introduced by cautious extension of the sadar distillery areas which it is now proposed to place under it.

279. The second group of districts to be considered are those which have long contracts now running. These are Nagpur, Narsinghpur, Nimar, Betul, Akola, Ellichpur, Amraoti and parts of Chanda and Buldana in which the present contracts do not expire till 1906, nor do the Deputy Commissioners concerned see any prospect of terminating them except on payment of compensation. It will be impossible therefore to introduce the system into these in its entirety, though the existing contractors may be induced by suitable concessions to adopt a number of its leading conditions.

280. The exclusions of these and the upland out-still areas leave only Wardha, Bhandara, the Chhattisgarh division, Jubbulpore, Saugor, Damoh, Hoshangabad, Basim and Wun and parts of Chanda and Buldana, and the small sadar distillery areas in the upland districts of Seoni, Balaghat and Chhindwara as open to contracts in 1905. The Committee see no reason why the new system should not be introduced into all of these, and they form, with the exception of Hoshangabad, and the addition of the Berar districts and Nagpur, which are already under a very similar system, fairly compact groups for administration.

281. In 1906 it should be possible to bring all the districts mentioned in the second group above under the system, and in another three or four years at the most it should be possible to extend it over the upland group.

282. As regards rates of duty, the Committee would recommend that, for a commencement, the present out-still areas of Berar with Hoshangabad, Jubbulpore, Saugor, Damoh, Wardha and the plain portions of Bhandara and of the Sausar tahsil of Chhindwara should be brought under the Rs. 1-14-0 rate, the highest rate being confined to Nagpur, Nimar and the Contract Distillery area of Berar as at present. For the Chhattisgarh division the Rs. 1-14-0 rate was accepted by the local officers, but, after a careful inquiry into existing prices, the Committee would recommend the lowest rate as a starting point for this division as well as for the remaining portion of the Chanda district and the upland areas.

283. The length of the contracts granted must depend somewhat on the terms offered. If satisfactory offers are forthcoming at once, the 1905 contracts might be given for five years, the 1906 contracts for four, and the later ones for still shorter periods, so that they might all expire together in 1910, when fresh arrangements could be made for the Province as a whole. If, as is very probable, the first year's tenders are not very favourable, short contracts should be given until the distillers have gained knowledge and confidence, and there are larger areas to be offered them.

284. The Committee hope that contractors will be readily forthcoming for these areas. Should it so happen that they are not, Akola and Ellichpur can supply the whole of Berar with Wardha and probably Bhandara and the open part of the Sausar tahsil, Hoshangabad can supply its own district, and Jubbulpore, Jubbulpore, Saugor and Damoh if suitable improvements are made in the stills. The Chhattisgarh division has no large distillery, but the three sadar distilleries are fairly efficient, and these also could be adapted at a pinch for the supply of district contracts as an intermediate stage in the introduction of the scheme.

285. As already remarked in the previous chapter, some variations in the contract terms may possibly be needed in Berar owing to the large cost of the existing Government distillery buildings and contractor's plant and the absence of Government buildings for warehouses. This may be provided for either by purchase of the plant and lease of the whole, or by sale of the buildings or by continuance of the present dual system, or by such other arrangement as appears most favourable to the interests of Government. But the first alternative is not recommended.

286. As regards separate sale, the Committee believe that it might be tried at once throughout the present sadar distillery areas, and the conversion of out-still circles into circles of vend would be a convenient arrangement easily understood by the shopkeepers. It will probably be possible to sell these circles also by single shops in a few years. One caution is necessary in this connection, *viz.*, that, if any circle of vend adjoins a town in which separate sale is in force, care should be taken to see that no shop in the circle is situated within at least two miles of the town limits.

287. It only remains to remark that an ounce of practice is worth a ton of theory in this as in other matters, and that, once the system has been set going, experience must be the guide to future developments. To ensure that it is utilized to the best advantage the Committee would recommend that each Deputy Commissioner be instructed to submit four months before the date fixed for the sales, complete proposals in regard to the Excise policy to be pursued in the year following. These should be expressly directed to the reduction of stills in out-still areas, the extension of the contract distillery system, the possibility of an increase of the rate of duty in force with reference to rentals, consumption and other considerations, the revision of the *halkubandi* of shops, and the extension of the system of separate sale. These proposals should be amended and compiled for the Province as a whole by the Excise Commissioner and submitted at least two months before the sales for the orders of the Chief Commissioner, and the latter on receipt should be gazetted and widely circulated so as to form the basis of the administration for the ensuing year. By pursuing this system the Committee believe that substantial and uniform progress will be made in the introduction and improvement of the arrangements now proposed.

CHAPTER VIII.

Imported and other "Foreign" Liquors.

288. It will be well to commence this chapter with a brief account of the liquors proposed to be dealt with in it. The alcoholic liquors consumed in India fall roughly into three classes, corresponding generally to the classes of the population which consume them and to the methods of taxation adopted in regard to them. These are, firstly, country spirits, already dealt with; these are plain spirits, the possession of which by private persons is strictly restricted and which are subjected to a local rate of taxation and sold in shops for sale for consumption on the premises, the license fees for which are fixed by auction; secondly, country fermented liquors, which include the rice beers made in most Provinces and the fermented juice of the palm tree, the right of manufacture and sale of which is most commonly farmed out in the lump; and, thirdly, the higher class wines, beers and spirits, which private persons are permitted to possess without limit of quantity, and which are generally subject to the tariff rate of duty and their sales licensed in most Provinces on payment of a fixed fee. These latter it is proposed to class, for want of a better name, under the general head of 'foreign' liquors. It is also proposed to include with them methylated spirits, which, though taxable under other enactments, have been declared to be 'foreign' spirits under Act XII of 1896 for administrative reasons.

289. The 'foreign' liquors sold in the Central Provinces and Berar are of three kinds: those made in the Province, those imported from other Provinces, and those imported from abroad. Fall into three classes according to the place of origin. Owing to a peculiarity in the law, which will be referred to shortly, these are liable to various rates of duty, but they are all sold in shops for the sale of 'foreign' liquors only, their sale in others being, generally, strictly prohibited.

290. The 'foreign' liquors made in the Province may be either spirits or fermented liquors. There is no regular manufacture of imitation European spirit at present, but a few attempts at masking the scent and flavour of the *mahua* spirit are worthy of record. Thus a Bilaspur contractor in 1901 attempted to do this by an admixture of orange peel and rose leaves, and the Sambalpur contractor was doing the same at the time of the Committee's visit. A Wardha contractor in 1900-01 tried mixing *gur* with his *mahua*, and the present Raipur contractor is now distilling from *gur* and colouring the product. A recent Excise diary reports the admixture of *mahua* spirit at Rajnandgaon with grapes and other things to such an extent that it caused the obscuration of the hydrometer by 50°. The chief thing to be remarked on these efforts is that these spiced liquors are liable to contain, through the essential oils distilled into them, a percentage of impurities which is very deleterious indeed. 'Foreign' liquors made in the Province—Spirits—Past manufacture.

291. A proposal for a rum distillery on a large scale has also been recently made by Rai Bahadur Seth Kastur Chand Daga, and was referred to the Committee for consideration. It is disposed of by the proposals made under the head of country liquor, which, if they are accepted, will admit the distillation of rum for country liquor shops. Future manufacture provided for in the country liquor proposals.

These proposals will also involve adequate provision for the making of other 'foreign' liquors by country liquor contractors, since it is proposed to allow the owner of any distillery erected in the Province to work his plant for the manufacture both of imitation European spirits and of methylated spirits for use in arts and industries.

292. The latter will be dealt with separately. In regard to the manufacture of imitation European spirits the chief provisions necessary are that the spirit should be both coloured and flavoured so as to resemble the European spirit after which it is called. This is necessary in order to prevent a liquor which is practically country spirit competing at an advantage with it in spite of the higher duty levied, by reason The arrangements necessary for control.

of its freedom from restrictions with regard to possession and strength. In the second place, it must be seen that the flavouring essences are not deleterious. This is necessary because many of the flavouring essences most commonly used are highly impregnated with the impurities dealt with in Chapter V. In the third place, the duty must be levied at the tariff rate. This was the old arrangement when a sharp distinction was drawn between liquors manufactured after European processes, which were treated as 'foreign' liquor, and country liquor. Of late years an intermediate classification of 'Indo-European' or 'machine-made' spirit has been allowed to grow up. The explanation of this treatment of the local product of European stills is a lengthy matter. It is sufficient to say here that it appears to owe its origin to the fact that changes in the tariff rate were lost sight of when the inland Provinces came under a different law to Bengal, and to have been maintained, partly on the score of the deleterious nature of country spirit, and, partly, because the manufacturers were restricted in their market by the prohibition of sale in country liquor shops. If the Committee's proposals under the head of country liquor are accepted, these reasons for its maintenance will cease to exist so far as the Central Provinces and Berar are concerned, and the makers of good liquor will have ready access to the country liquor shops. A sharp distinction may therefore be again drawn between country spirit and imitations of foreign liquor, and the latter may be charged, as spirit made after European methods formerly was, at the tariff rate for the time being in force. Lastly, it will be necessary to provide, for reasons which will be obvious, that the conditions of sale of this liquor should be exactly the same as those of liquor imported from abroad.

293. The other local product of the Central Provinces that falls under this head is beer. Up to the year 1890 locally-made beer in Northern India was subject to no direct taxation. Act XIII of that year, which added to the law what are now sections 8 and 9 of Act XII of 1896, required Local Governments to impose a duty which should not be higher than the tariff rate. In spite of this, however, the great bulk of the issues remained untaxed until 1898 owing to the fact that they were made under Commissariat contracts entered into before the passing of the law.

294. The Jubbulpore brewery, which is the only one in the Central Provinces and Berar, was licensed and opened in 1895-96, but no provision was made for the levy of any duty until 1897-98. Technically this seems to have been illegal, as no exemption was granted under section 66 of the Act. Duty was actually levied on issues made from the 1st January 1898. The quantity of beer issued and the duty levied thereon will be found in columns 3 and 4 of Statement XII in the Appendices. The issues rose steadily up to 1900-01, since which date they have shown a tendency to fall, owing largely to the Agra Cantonment, which was at first supplied from this brewery, being supplied from elsewhere. The bulk of the issues throughout has been on Commissariat contracts, the consumption in local shops being insignificant.

295. The brewery is a suitable building efficiently managed. The chief revenue provisions of the rules under which it works are that duty is to be paid on issues; but this may be covered by a bond which is given by the brewers, the amount of which was fixed first at Rs. 2,000 and later at Rs. 5,000; issues are covered by the brewer's own pass; an addition of 4·8 per cent is made to all issues to cover wastage due to evaporation and ullage after they leave the brewery; a refund is given on beer returned unsold and a 10 per cent allowance is made for wastage in the brewery. These rules appear to be based, like the similar rules in force in the Punjab, "on confidence in the good faith of the firms,"* and the Committee are indebted to Mr. Fox-Strangways, the Commissioner, Jubbulpore Division, for pointing out that they were made as elastic as possible at the outset with a view to encouraging a new venture, and that there is no reason why matters should not now be put on a business footing, and that it would be better that this should be done as part of the general overhauling of the Excise arrangements than that matters should be left to be remedied when necessity arises through the opening of a brewery under less trustworthy management, or otherwise.

* Punjab Excise Pamphlet, Vol. I., p. 122.

296 In these circumstances the Committee have the less hesitation in suggesting some alterations. The experience of the Madras Presidency, where the habit of beer drinking has spread of late years among the native population, has shown that similar arrangements, when adopted in the case of less reliable firms than Messrs. Mackinnon & Co., are very liable to result in fraud. They would therefore suggest that the system of confidence be replaced by one of control. The system to be aimed at is that in force in the United Kingdom, under which, in accordance with the Inland Revenue Act of 1880, the duty is levied, not on the issues, but on manufacture, and, being based on a presumptive charge which is calculated on the materials used in brewing or on actual outturn, whichever gives the best charge, bears a distinct relation to the alcoholic strength. The levy of duty on manufactures can be easily arranged by provision being made for the maintenance of an accurate brewing book and stock account, coupled with regular inspection and stock-taking at frequent intervals. The further provisions of the English law cannot be enforced so long as the provisions of Act XII of 1896 stand as they do at present, but provision may be made to secure that the beer is not of too high a strength by limiting the initial gravity of the wort. The Madras Government has provided with this end in view that the original gravity of the beer wort shall not in any case exceed 1,073° and this is generally effectual, though some brewers render the provision valueless by carrying their fermentation to a much lower gravity than the brewers in Europe do. It is possible that some proposals which the Committee understand are now before the Government of India may result in the law being altered so as to allow of the levy of duty after the English method, in which case the arrangements proposed will prepare the way for the change. It is worthy of note in this connection that the present tariff rate of duty of one anna a gallon represents a considerably lower rate of taxation than that imposed on *tari* in some Provinces, and that the Government of Mysore, whose Excise arrangements are very efficient, has already raised the duty to two annas.

297. The provisions of the rules regarding wastages have already given rise to difficulties. The obvious intention of the rules is that a free allowance of 4·8 per cent is to be given on all issues and written off with them, and that a maximum allowance of 10 per cent for wastage in the brewery should be allowed on stock-taking, calculated on the balance on hand on date of last stock-taking, plus quantity since manufactured, minus quantity since issued. The brewers, however, finding that under their system of storage throughout the hot weather the wastage by evaporation, augmented in spite of their best efforts to the contrary by petty thefts, amounts to 13·8 per cent, have preferred to make no addition on issues and to claim a lump allowance of 15 per cent for all wastages. This of course is incorrect. In proposing a remedy the Committee would observe in the first instance that the grant of an excess allowance on issues, as well as the provision for refund of duty on beer returned, are matters with which the Excise Department has no proper connection. The necessity for these provisions arises apparently from difficulties in connection with the transfer of the beer to the canteen committees. The Committee would recommend that they should be allowed to continue till the expiry of the contracts now running, and should then cease, the Supply and Transport Department being notified of the change. As regards the allowance for wastage in the brewery, 13·8 per cent seems to the Committee to be unduly high, and they have ascertained that the average wastage at one of the largest breweries in the plains in India, which also ceases its brewing operations in the hot weather, is only 9 per cent. In England a maximum of 6 per cent is allowed, and in the Hill breweries of Madras, as a result of actual experiment, a maximum of only 5 per cent. The Committee would recommend that a series of experiments be conducted at Jubbulpore with a view to fixing a fair allowance, and that in the meanwhile the Excise Commissioner should be allowed to write off all wastages that appear to him to be reasonable. These proposals have been considered by the Deputy Commissioner and the Manager of the Brewery, and have received their general concurrence.

The Manager of the Brewery adds a request for a concession, namely, that the brewers should be allowed to pay duty on issues from warehouses at their

option. The Committee have considered this proposal, and regret that they cannot recommend its adoption. It is contrary to the principle above suggested of levy on manufactures, and would involve control of warehouses which the Administration cannot afford to undertake while the duty continues at its present low rate. Should a higher rate of duty be imposed and made uniform for all Provinces, the suggestion might be considered.

298. The next liquors that fall for consideration under this chapter are those made under similar circumstances to those above mentioned in other parts of India and imported into the Central Provinces for sale. The history of the taxation of these liquors in the Central Provinces is lengthy and somewhat confused, chiefly by reason of the fact, already mentioned, that the law relating to them is by no means definite. Originally, when Northern and Central India fell under the same Excise law as Lower Bengal, spirits manufactured after the European method were subject to the tariff rate of duty and treated in fact just as imported liquors were, but, when separate legislation was applied to the inland Provinces, the increases in the tariff rate seem to have been lost sight of, so that, while the taxation on imported liquors was raised to Rs. 5, and later to Rs. 6, that on liquors made after European methods in the country was left at Rs. 4. At the same time an attempt made, during the framing of Act XXI of 1881, to define the 'European' as distinguished from the 'Native' method, by reference either to processes or to materials, appears to have proved unsuccessful, with the result that it was left to Local Governments to decide in any case in which doubt arose what should be deemed for the purposes of the Act to be "country" and "foreign" liquors, respectively. This is a power which Local Governments have shown themselves somewhat reluctant to exercise. In the case of the Central Provinces date spirit from Ooran has been declared by the Chief Commissioner to be "country" spirit, though not saleable under country spirit licenses, and whisky from Shaikawat has been declared by a former Excise Commissioner, who considered that no doubt had risen requiring a reference to the Local Government, to be "foreign" spirit, but Shahjahanpur rum, the one liquor of importance under this head, has never yet been placed under either category, though the matter was specifically referred by the Excise Commissioner in 1893 and has been repeatedly under discussion since.

299. In discussing the history of the import of these liquors it is unnecessary to enter into particulars of any but Shahjahanpur rum. The course of imports. Ooran date spirit and Bandup rum are mentioned in the earlier reports, which do not give them a particularly good character and declare them to have been fortified by opiates. Their importation, however, has entirely ceased and a recent application by a foreign liquor dealer for permission to import from a rum distillery at Poona was refused by the Bombay authorities, apparently on the ground that export to other Provinces was not provided for in the distillery license. The only recent import of locally-made spirit from that Presidency of which the Committee have any record is that of *mahua* spirit, which, as the Excise Commissioner discovered recently, is coloured and flavoured, apparently by country liquor licensees in Bombay, and passed over the border for sale as 'foreign' spirit. In the case of Shaikawat whisky the Committee find voluminous correspondence but no trace of import.

The import, on the other hand, of Shahjahanpur rum (in which the Committee include all 'foreign' liquors made at the Rosa distillery) is of very long standing, and has advanced in the past thirteen years, for which alone figures are available, from 3,254 to 10,814 gallons. It is worthy of remark in passing, as a commentary on the question of taste, that this is practically the only liquor besides *mahua* spirit which has been of late years within the reach of the native consumers, and that, wherever the prices of the two have been approximately equal, it has shown a steady tendency to advance in favour. The Report for 1895-96 records that it is preferred on account of taste, smell and strength by native artisans, millhands, porters, etc., who earn good wages by hard work.

300. The policy of the Administration in dealing with its taxation has been somewhat influenced by the fact, noticed in the Report for 1902-03, that the bulk of the revenue derived from it is credited to another Province. Up to 1891-92 this

The policy pursued in taxation of Shahjahanpur rum—C. P.

Administration did receive three-twelfths of the still-head duty, but this practice was put a stop to under an order of the Financial Department in that year, and from then till 1901 the Central Provinces Administration derived no revenue from the sale of Shahjahanpur rum except an inappreciable portion of the license fees for the sale of foreign liquors. As the imports of the rum were steadily increasing to the detriment of the revenue from country spirits, various methods of increasing the taxation on this liquor were considered. The two alternative means discussed were the levy of a higher license fee, through means of an auction or otherwise, and that of an addition to the still-head duty. The latter method was preferred on the ground that the former would give an undue advantage to import by private persons, clubs, co-operative societies and the like, and an increase of the duty to Rs. 5 was decided upon in 1896-97. This decision did not take effect, however, till four years later, owing chiefly to difficulties connected with the wording of the Act. Import in bond being first considered, it was thought by the Excise Commissioner that such an arrangement between a distillery in one Province and warehouses in another was not provided for. That difficulty being overruled, the Government of India was moved to amend the Act so as to provide for prohibition of import otherwise. The Government of India thought that this difficulty also could be got over by an arrangement with the United Provinces, and two alternative arrangements were suggested, either that this liquor should be declared to be country spirit in the Central Provinces, but exempted from the limit of possession and other restrictions in force on such spirit on condition of its being imported in bond, or that the United Provinces Government should insert conditions in the distillery license and all retail licenses prohibiting exports to the Central Provinces except in bond. The Excise Commissioner of the United Provinces having declared, however, that no cases of smuggling into Bengal, which also levied an additional duty, had been reported, these suggestions also were waived and rules for compulsory bonding alone were framed. To these when complete the distillers objected, and an alternative arrangement under which the liquor should be allowed to be issued either in bond or on prepayment of the Central Provinces rate of duty was suggested and finally accepted.

301. The system of issue on prepayment has, in point of fact, been the only one ever put into force, and it appears from the reports to have been signally unsuccessful in securing the additional duty on all imports into the Central Provinces. To take three prominent instances, it is recorded in the Report for 1901-02 that all the consumers of this liquor in Hoshangabad were drawing their supplies from Barkhera, in Bhopal, where it only paid the Rs.4 rate of duty; in the Report for 1902-03 an instance is recorded of the import of 304 gallons from Jhansi by the Bina contractor, and in 1903-04 it has been ascertained that similar imports have been made to Khandwa, while one of the largest firms in Jubbulpore has regularly drawn its supplies in the same way since the imposition of the additional duty without being even aware that it had been imposed. The Act makes no provision for check of such imports or for the levy of the additional duty, and, even if shopkeepers could be controlled under it, it is clear that private parties cannot. The revenue credited to the Central Provinces on this account has been very small, and amounted to Rs. 1,812 in 1900-01 and to Rs. 2,529 in 1901-02, since which date, under fresh orders from the Financial Department, no credits have been made. Had the liquor consumed in 1903-04 been imported under bond and duty realized on its leaving the bonded warehouse, the duty on admitted imports would have amounted to Rs. 54,070 and that on imports which escaped duty under present arrangements might well have been another Rs.5,000 or Rs 10,000.

302. The Berar rules are more effective. They provide for production and check of all consignments on arrival, and payment of duty at the rate of Rs.2 in addition to the still-head duty, or Rs 6 in all. The liquor is treated as country liquor for purposes of control and check of illicit import, but the limit of possession is not enforced, and it is specially provided that sales shall only be allowed at shops for the sale of 'foreign' liquor. Figures are available for only five years, in which the imports have increased from 773 to 1,067 gallons.

303. In making proposals for the improvement of these arrangements it is necessary first to repeat that the proposals asked for by the Chief Commissioner for the grant of increased facilities for the consumption of spirits made after the European method have already been made in the chapter relating to country spirits in the shape of provision for supply of a better class of liquor at country liquor shops. In the second place, if, as a result of the correspondence therein referred to, the Government of India should adopt the policy recommended by the Chief Commissioner in regard to the treatment of spirit made after the European method generally, no further action will be necessary. Should it be otherwise, some provision for the protection of the Central Provinces Excise revenue would appear to be required. It has already been proposed that imitation 'foreign' liquors made in the Province should be taxed at the tariff rate and treated exactly as foreign liquors are, and similar arrangements will be in force in every Province except the United Provinces and the Punjab. If those Provinces continue to issue Indo-European spirit with the privileges of foreign spirit but subject to a low rate of duty, it will be necessary to regulate their imports so as to ensure payment of the tariff rate. By far the best means of doing this appears to the Committee to be to prohibit all imports except in bond, to constitute the proposed Excise warehouses into bonded warehouses for these liquors, and to arrange for levy of duty at the tariff rate at the time being in force on all issues. As the liquors will be obscured it will be necessary as a rule to accept the strength stated at the time of issue, but this may be checked roughly by the hydrometer and an exact estimation made periodically by distillation of samples in a revenue still.

304. The third class of liquors dealt with under this head includes all foreign liquors proper, *i.e.*, beer, wine and spirits imported from abroad. The Administration has nothing to do with the levy of the direct duty on these liquors, nor are any statistics of imports available. There is little therefore for the Committee to remark upon. They would like to mention two points, however, the first concerning the price and the second the quality of these liquors. As regards the price, they are informed by one of the largest contractors in the Province that spirits can be purchased in bulk in Bombay at from 15 to 17 annas a gallon of 60° o. p., which is less than the contract price of country spirit at Akola, and they find from an examination of the wholesale vendors' catalogues a considerable number of varieties offered for sale in bottles, corked, labelled and capsuled, and sometimes wired in imitation of Exshaw's brandy, at prices varying from Rs. 11 to Rs. 12-8-0 a dozen, the spirit being commonly guaranteed as 25° u. p. Whether these low prices are induced by the aid of bounties or *kartells* or not, it is clear that there is practically very little difference between the cost of import of foreign liquor at these rates and that of manufacture of a pure country liquor, and, so long as the present system of taxation of retail sale continues, the advantage in the matter of total taxation inclines to the side of the former. This is not apparently what was intended by the Government, which has laid down that the tariff rate is the limit of taxation for country spirit, and apparently the question of the revision of the tariff rate is one that might well be considered. The present rate has been in force for a considerable period, and the English rate has been raised since its adoption by sixpence a gallon, or to 11s. 4d., which is, at the present rate of exchange, equivalent to Rs. 8-8-0. If an increase is contemplated, Rs. 7-13-0 would be a convenient rate. The question of imposing a separate duty on bottled spirit, as is done in the United Kingdom, might also well be considered.

305. In the second place, as regards the quality of these liquors. It is a commonly received opinion that a great part of the spirit imported into this country is extremely deleterious. To quote a single instance, the Inspector-General of Excise in Berar records in his report for 1893-94 his belief that "*Mahua* spirit properly manufactured as it is under the Central Distillery system is pure, and more wholesome really than the foreign spirits ordinarily retailed as whisky, brandy, gin, etc., which are very deleterious, being largely composed of overproof spirit extracted from potatoes, doctored and diluted and sold as 'Fine Old Scotch Whisky,' 'German,' 'French Brandy,' etc."

The Committee would respectfully recommend that this opinion should be tested by analysis, since, although on the one hand the imposition of limits of impurities on the spirits issued for local consumption by European Governments may tend to induce the export of spirits that exceed the limit, on the other, the fact of their imposition will lead to a higher level of manufacture all round, while some Governments, for instance, the German, enforce the limit of impurities on exported spirits also by refusing the grant of customs drawback on those that exceed it. At the same time the spirit is distilled by modern processes and to a high strength, and it is unlikely that any large amount of impurities will remain in spirit so manufactured. The Committee would therefore recommend that the matter be tested by analysis, and that, if a limit of impurities is to be imposed on country spirits, it should be imposed on imported liquors also.

306. It remains to consider the arrangements for retail sale of liquors of this class. In the Central Provinces this was allowed up to 1884 under three classes of licenses, called 'wholesale,' 'retail' and 'hotel' licenses. In that year they were reduced to two, called 'shop' licenses and 'public house' licenses, but a third variety has since been introduced by the grant of both to the same premises. In 1891-92 a separate class of licenses for sale of beer only was introduced under orders of the Government of India, and *khansamas* of a few dāk bungalows were licensed free of charge to sell liquors to persons taking meals there. And in 1894 action was taken to license sales at public entertainments under a separate class of licenses called 'bar' licenses. The only other orders of importance passed in the matter were those issued in the same year restricting the grant of licenses for sale of 'foreign' liquors to places where there was a European demand for them, and in 1901 requiring all applications for foreign liquor licenses to be gazetted and dates fixed for hearing objections.

307. The Berar arrangements at the outset were similar, two classes of licenses, 'wholesale' and 'retail,' being granted. In 1875-76 the Deputy Commissioner of one district, Akola, instituted a system of auctions, with very good results from a financial point of view. The system was abandoned, however, after two years on the ground that it involved an unfair enhancement of price to the poor Europeans and Eurasians who frequented these shops, and no further change was made till 1898-99, when the question of distinguishing between licenses for sale for consumption on the premises and licenses for sale for consumption off the premises, commonly known as 'on' and 'off' licenses, respectively, was discussed. It was decided, as a result of the discussion, to make no distinction, but to introduce instead a sliding scale of fees based on the shopkeepers' transactions; and this system has been pursued ever since.

308. Thus, under present arrangements, licenses for sale for consumption both 'on' and 'off' the premises are the prevailing form. Present arrangements. Combined 'on' and 'off' licenses. There were 52 of these granted in the Central Provinces in 1903-04 and 32 in Berar. The premises thus licensed may be divided roughly into three classes. First, hotels and refreshment rooms, railway and other; there were 16 of this class in 1903-04, and their main business was sale for consumption with meals, but several of them also sold for removal by private persons and others maintained bars for sale of Indo-European spirits to native consumers. In the next category come the general dealers' shops, generally kept by Parsees, at Cantonments and Civil Stations. These shops sell liquors for removal like other stores, but they also have almost invariably a private room for consumption on the premises, and some sell large quantities of Shahjahanpur rum for removal at the rate of a few drams each by native consumers. The shops of the third class are regular shops for sale for consumption on the premises by native consumers situated in bazars. These drive a large trade in Indo-European and cheap imported spirits and compete at a profit with country liquor.

309. The other licenses granted are of small importance, and consist of two licenses for sale for consumption off the premises only; Other kinds. three for sale for consumption on the premises only and five granted to *khansamas* of dāk bungalows. In addition two dining cars running through the Central Provinces are licensed by other Administrations, and a special license is granted to the caterer at the Khandwa rest camp for sale to officers. There are no licenses for the sale of beer only

310. The comments that suggest themselves on these arrangements are, Some comments on these arrangements—the loss of revenue. firstly, that there is a considerable and unnecessary loss of revenue through grant of 'on' licenses at fixed fees instead of selling them by auction. A comparison of the results of some other Provinces which adopt opposite systems in this matter will show what a large amount of revenue is involved. Thus Burma with 341 'on' licenses realized in 1902-03, by selling them by auction, a total amount in license fees of Rs. 9,70,925,* while Bengal with 371, auctioning only a part, realized only Rs. 3,98,377.* Similarly Madras by auctioning 252 licenses realized Rs. 2,86,281,* while the United Provinces for 240 licenses only realized Rs. 40,243,* and the result of auctioning the licenses in Akola in 1875-76 was an improvement in the Berar revenue by Rs. 4,000. Nor does it appear to the Committee that the objections taken to this system are any longer valid, since, as has already been shown, the import price is much the same as that of country liquor and the total incidence of taxation under present arrangements in places considerably less. On the other hand, so long as the import duty remains at the present rate, an increase of the license fee is the only means available of equalising the incidence of taxation, and, in the generality of cases, such an increase is most satisfactorily effected through a system of auctions.

It need hardly be added that the Berar system of basing the license fees on the shopkeeper's transactions as shown by his accounts is not satisfactory. The Committee understand that the accounts submitted generally show a loss on the transactions of the year.

311. The next matter that calls for comment is the rule that limits the grant The limitation of the grant of licenses to places where there is a European demand. of these licenses to places where there is a European demand. It has been seen that the liquor sold in country liquor shops is generally highly charged with impurities and often so acid as to be undrinkable. The only other source of supply of liquor open to the native consumer is the 'foreign' liquor shop, and the rule referred to practically bars him from these. The fact that only one such shop is allowed to the whole population of Nagpur of 125,000 people is an instance of the effect of the restriction, which the local officers consider to be unduly severe, as will be seen from the proceedings of the Committee's meetings with those of the Nagpur division, and the Committee gather from paragraph 2 (7) of the Proceedings appointing it that the Chief Commissioner, as then advised, in a measure shared the opinion.

312. The rule requiring the gazetting of applications for such licenses and the The preliminaries to grant of new licenses. hearing of the same appears to be a corollary of the rule above discussed. While fully believing in the necessity for a thorough enquiry into applications for liquor licenses, the Committee have seen too many bogus objections engineered by rival dealers to be great believers in the method laid down. They believe that the Deputy Commissioner is much more likely to ascertain the real views of the inhabitants of the locality affected by a local inquiry before the fact of the application has been made public than by inviting objections. The latter course might be followed as a supplement to the former, if necessary, provided the result of each was given the weight that was due to it.

On the other hand, the practice adopted in Barar, whereby Deputy Commissioners sometimes grant foreign liquor licenses at any time of the year without previous consultation even with the Excise Commissioner, needs to be put a stop to. This practice gives room for another device of the factious retailer who, when defeated in a country liquor auction, promptly applies for a 'foreign' liquor license in the locality where he has failed to secure the country liquor rights and proceeds to undersell his successful rival.

313. The objections to the use of private rooms for sale under these licenses The use of private rooms. have been fully stated by the Honourable Mr. Lely in his Note, which has already been quoted. The 'foreign' liquor shops both in the Central Provinces and Berar are almost all open to the

Note. —* These figures include all license fees. The number of licenses other than "on" licenses granted in the five Provinces was fairly equal except in Madras, where 302 'off' licenses were given. The realizations from these however amounted to only Rs. 18,150.

charge that they offer temptations to drink to classes of the population who would not brave the publicity of a shop that contained only one large room without means of ingress or egress except in front.

314. It has only to be added that the dak bungalow *khansamas* do not appear to confine themselves strictly to sale to persons taking liquor with meals, and that little or no control appears to have been exercised over their transactions.

315. In the course of an examination of the systems in force in other Provinces with a view to seeing which can be best adopted in place of those above discussed, the Committee have been much struck by the fact that Madras is the only one that draws any distinction between 'off' and 'on' licenses, and that that Province alone, while having as many tavern or public house licenses in proportion to its population as most others, has no less than 302 'off' licenses in addition.

Arrangements proposed. The necessity for a sharp distinction between 'on' and 'off' licenses.

316. The grounds on which this policy is based are fully stated in the order of the Madras Government No. 40, dated 25th January 1895, which reversed the policy formerly in force in that Presidency, and which the Committee think it advisable to quote somewhat at length.

The Madras policy.

"The tendency for some years has been to deal with the retail trade in liquor not to be consumed on the premises as if it was more or less an objectionable, if not a dangerous and immoral, trade, and therefore to be hampered and as far as possible suppressed. Apparently with this in view, the original fee for a retail license, which was Rs. 100 in Madras and Rs. 50 in the mofussil, was, on the representation of the Board that the licensees were making large profits, raised in 1892-93 to Rs. 175 in Madras and Rs. 125 elsewhere, and in the following year the present scale of fees based on the quantity of liquor sold was prescribed. But this view now appears to the Government to be unsound.

"The system on which for many years past (practically since 1884) the Abkari revenue has been raised is that of increasing dependence on fixed duties and decreasing reliance on license fees, which are a source of revenue uncertain, fluctuating and more or less difficult to collect. The fixed duties are import duties, still-head duties and the tree-tax on palm trees, and the aim is, and should be, to rely upon these for the Abkari revenue more and more until eventually license fees become little more than registration fees. Licenses for the sale of liquor to be consumed on the premises are of course an exception to the rule, and are, and should be, sold by auction in order to prevent the growth of vested interests and the spread of drunkenness and disorder. But retail licenses for the sale of liquor to be consumed off the premises stand altogether on a different footing. They are granted for the sale only of foreign liquor, and are provided mainly for the convenience of those classes of the population which require stimulants for their legitimate needs in their own homes. Shops of this class in no way promote insobriety; on the contrary, they are conducive to sobriety, and there is no reason why their establishment by respectable persons should be discouraged. The Government accordingly would not seek to make an independent and considerable revenue out of the grant of these licenses, in so far as they are permissions to establish the shops, but would be content to rely mainly on the duties levied on the intoxicants sold in the shops. Of course licenses must be issued so that the Government may retain control over these retail shops and prevent their falling into bad hands; but the Government is of opinion that the fee charged for the license should be strictly moderate, so that any respectable person desirous of establishing himself in the business may not be deterred from doing so by the amount of the fee he has first to pay. The enhancement of the fees during recent years on this class of licenses has led to a considerable fall in their number, and it may be presumed that the trade is not so very profitable as was supposed. It may be argued that any decrease in the license fees will increase the number of retail shops and that trade will be diverted from the taverns, but, as pointed out above, that is a thing to be desired in the cause of sobriety and order."

The Committee believe that this is the proper policy to be pursued, making as it does a sufficient provision for the needs of the respectable classes who take a little liquor with their meals, while it at the same time provides for the levy

of a sufficient duty on the sales for consumption on the premises which compete with those of country liquor shops.

317. The Committee would therefore recommend, as regards the great majority of the licenses now granted, that they should be divided up strictly into two classes, *viz.*, 'on' licenses and 'off' licenses, the first to be limited in number, to be sold by auction, to be under strict control, to be allowed no private rooms and to be limited in sales for removal to a maximum of one quart, the latter to be granted on fixed fees of Rs. 50 each and to be limited to a minimum of one pint in bottles duly corked and sealed or capsuled.

318. In deference to the opinion of the local officers the Committee would propose one exception to this rule, that is, in favour of respectable Parsee and other shops in large Civil Stations and Cantonments. It will be seen from the Proceedings of the Amraoti meeting that the local officers objected to the withdrawal of the 'on' licenses from these premises on the ground that they serve as clubs to a respectable class, and the officers of the Jubbulpore division raised similar objections. To meet these objections the Committee proposed the adoption of the Punjab system of granting both 'on' and 'off' licenses on payment of high fixed fees in such cases, and this was accepted. The Punjab scale of fees is—

"A fee ranging from Rs. 1,000 as a maximum to Rs. 300 as a minimum for the whole year ;

A fee ranging from Rs. 250 as a maximum to Rs. 100 as a minimum for any stated quarter of a year—"*

And the Committee see no reason why this should not be adopted. They are inclined to doubt, however, whether the firms in question will wish to continue sales for consumption on the premises if fees are levied at these rates and private rooms are disallowed. The Committee believe that it will be no great loss if they decline the licenses and confine themselves to sales for removal. They are confirmed in this opinion by the statement of the Commissioner, Nerbudda division, Mr. Carey, that these shops do much harm to the better class natives and by his recommendation that first class licenses should only be given in special cases, auctions being the general rule.

319. In addition to these two general classes of licenses there are a number of special ones to be provided for. For hotels and refreshment rooms the Committee would recommend the grant of fixed fee licenses on payment of Rs. 50 per annum on the understanding that sales are only to be made for consumption with meals or to *bonâ-fide* travellers. Licenses for refreshment rooms except at railway stations should be very sparingly granted. If the licensees wish to sell for removal they should take an 'off' license as well. If any of them wishes to set up a bar he should pay an additional Rs. 10 a month for the months the bar is working. Mr. Carey adds the recommendation that in exceptional cases, where it is undesirable to create a public house, but difficult to prohibit ordinary sale for consumption on the premises, as for instance at the Bilaspur railway station, the Deputy Commissioner should be given authority to substitute a first class license for a license granted under any of these heads.

320. The dāk bungalow *khansamas* pay fees for licenses in the United Provinces and the Punjab. The Committee have no evidence that their transactions in the Central Provinces are sufficient to require this at present, but would recommend that they should be required to keep accounts, which should be strictly checked by the Excise Officers, and that the Excise Commissioner should be given power to impose a fee if these show considerable transactions. Sales under these licenses except for consumption with meals should be strictly prohibited.

321. The existing 'bar' licenses seem to the Committee to be badly named and their taxation at a uniform fee of Re 1 to be insufficient. They would recommend that they should be called 'Occasional' licenses, and that the Deputy Commissioners should be given discretion to levy such fee as the occasion for which the license is granted appears to warrant. The restriction of their grant to existing license holders might be withdrawn, but these should ordinarily have the preference.

322. The grant of licenses for the sale of beer only might be continued if the Government of India desires it, but there is no demand for them in this Province, and it seems to the Committee, with reference to the experience of Madras, that this demand is not one to be specially encouraged. In that Presidency the grant of these licenses has given an impetus to the manufacture of a cheap class of beer for native consumption which is practically no more than a *jaggery* wash and is enabled to compete at an advantage with *tari* by reason of the low rate of duty which is leviable upon it.

323. An additional class of license is necessary under the present law to legalize the use and sale of spirits of wine by chemists and druggists. This may be granted on a nominal fee.

324. For other purposes it seems sufficient to provide that the Excise Commissioner may, subject to the orders of the Chief Commissioner in each case, grant a special license on such terms and conditions as may seem advisable whenever the circumstances are such as not to allow the issue of licenses under any of the above heads.

It is as well to mention here that under the opinion of the Legal Remembrancer, printed at page 104 of Part I of the Punjab Excise Pamphlet, proprietary clubs require licenses for whatever class of business they conduct.

325. Some miscellaneous matters need to be provided for. The Bengal Bill provides for separate bottling licenses. This is perhaps unnecessary in inland Provinces like the Central Provinces, but it might well be made a term of the license as in Madras that all liquor bottled in India should be so labelled. The provisions of the Merchandise Marks Act, which are often infringed in the case of foreign liquors, should be strictly enforced through the medium of the Excise Officers. Lastly, it is necessary specially to provide that the settlement of all foreign liquor licenses should precede that of country liquor licenses by a month or two, so that the bidders for country liquor shops may know before the auctions what competition from foreign liquor they will have to meet.

326. The last liquors to be considered under this chapter are methylated spirits. These are, strictly speaking, neither 'country' nor 'foreign' liquors and are taxable under different enactments to either, *viz.*, the Tariff Act VIII of 1894 when imported, and Act XVI of 1863 when locally produced, at a favourable rate of 5 per cent *ad valorem*. These laws are somewhat inadequate. They provided in the first instance only for the application of the favourable rate to spirits exclusively used in arts or manufactures or in chemistry. In the second place they make no provision for the control of possession or sale of these spirits after the payment of duty on manufacture or import. The first difficulty has been got over as regards imported spirits by an amendment of the Tariff Act, and as regards locally manufactured spirits by an executive order extending the exemption to all spirits that have been effectively and permanently rendered unfit for human consumption. The second difficulty can only be got over by bringing these spirits technically within the terms of licenses granted under the Excise Act.

327. The concern of this Administration with these spirits thus arises in two ways, firstly, the control of the process of denaturalization and the levy of duty at distilleries at the favourable rate, and, secondly, the control of private possession and retail sale.

Though there is no local manufacture at present, it is by no means improbable that it will spring up under the new distillery arrangements proposed, more especially in view of the increasing use of these spirits for various industrial purposes, and of the fact that the *mahua*, which is so abundantly available in the Central Provinces, is one of the cheapest distilling bases known. It is therefore necessary to consider briefly the orders passed in the matter of the process of denaturalization.

In the first place, the spirit must be distilled to a very high strength. The purpose of this is obvious. The minimum limit generally adopted in India is 30° over proof.

Next, as regards the denaturalizing agents. The commonest are wood naphtha, caoutchoucine, mineral naphtha, petroleum ether and gum resin.

Wood naphtha has been found insufficient by itself, particularly if purified. It is only allowed now under special orders when it is shown that denaturalization with other agents would render the spirit unsuitable for the purpose for which it is to be used. Caoutchoucine is the most common denaturalizing agent.

Mineral naphtha mixed with wood naphtha in the proportion of three-eighths per cent is recommended when caoutchoucine is ineffectual.

Petroleum ether and gum resin are chiefly used when the spirit is required for use in making varnishes, polishes, etc.

The proportions of these denaturalizing agents prescribed for use are wood naphtha 1 to 9 parts of spirit, caoutchoucine 1 to 99, mineral naphtha three-eighths per cent of the wood naphtha used, petroleum ether 3 per cent of the spirit, gum resin 3 oz. per gallon.

The denaturalizing agent must be tested by a Chemical Examiner before admixture, and the admixture must be made under the control of an Excise Officer. The duty will then be levied at 5 per cent of the value, which will best be fixed by periodical enquiry on the part of the Excise Commissioner.

It has only to be added that this matter of the denaturalizing of spirit for use in industries is one in which very great advances have been recently made in Europe, particularly in Germany, and that it may be advisable, if there should be any signs of a considerable manufacture of such spirit from *mahua* springing up, to make enquiries as to the rules and regulations in force on the continent of Europe with a view to ascertaining whether some process has not been discovered that is at the same time both cheaper and more effectual than any of those above described.

328. The purpose of controlling possession and retail sale is to ensure that the spirit admitted to the favourable rate of duty is really used for arts or manufactures and not rendered potable again by processes of filtration or otherwise. It was because it was found that the spirit was largely passing into consumption that the Government of India in May 1900 issued orders for the possession and sale of this spirit to be placed under control.

329. Before discussing the rules framed under these orders it may be mentioned that the defective wording of Act XII of 1896 renders it extremely difficult to frame any satisfactory rules for dealing with the matter at all, for the Act concerns itself only with 'country' and 'foreign' liquors, and, while it is questionable if imported methylated spirit can be legally declared to be 'country' spirit and the limit of possession of 'country' spirit is too low to be applied, the employment of the word 'use' instead of 'consumption' in section 30 (1) renders the enforcement of any limit of private possession at all impossible if the spirits are declared to be 'foreign' spirits, and the application of section 35 only to shops for the sale of 'country' spirit exempts the licensees themselves from inspection. Accordingly the rules framed in the Central Provinces impose no limit of possession, and the liability to inspection which they provide for is not apparently capable of enforcement except by threat of withdrawal of the license. In other respects they follow the Madras rules generally, omitting provision for local levy of duty. They depart from them, however, in one important particular, *viz.*, by allowing sale of methylated spirits on premises on which sale for consumption on the premises is allowed if the Deputy Commissioner is satisfied that the Excise revenue will not be endangered thereby. It is just on these premises that the danger to the revenue does occur through the removal of the denaturalizing agent and admixture of the spirit with the cheap locally-made foreign spirit that is sold for consumption on the premises. The Committee do not consider that the responsibility of deciding whether the Excise revenue is endangered in such a case is one which should be put upon the Deputy Commissioner. They would strongly recommend that, if the reclassification of foreign liquor licenses suggested by them is accepted, sale of these liquors under the ordinary 'on' licenses at any rate should be prohibited.

Whether the rules are revised or not, the Committee would recommend their extension at an early date to Berar, in which Province, so far as the records before them go, these spirits are now placed under no control at all.

CHAPTER IX.

Country Fermented Liquors.

330. As stated at the commencement of the previous chapter, country fermented liquors are ordinarily of two kinds, the fermented juice of palm trees, and beers made from rice or millets. The former are consumed in six districts of the Central Provinces and all the districts of Berar and the latter in the district of Sambalpur alone.

331. The palm trees most commonly tapped are cocoanut, sago, palmyra and date palms. The generic name for the fermented juice of all these is *tari* or toddy, but this is also specially applied to the fermented juice of the palmyra (*Borassus flabelliformis*) as distinguished from that of the date palm (*Phoenix sylvestris*), which is more commonly called *sindhi*. These two are the only classes of palm trees with which this Administration is concerned.

The palmyra is tapped by cutting off the end of the spathe, and the date palm by making an incision below the head of the tree. The average yield in each case has been estimated, as the result of experiments made in Madras, as 27 gallons for a season, though it varies largely with different trees and different localities. The liquor is wholesome, and contains a considerable amount of food in it. Its average strength is about 90° u. p., and it may be compared with the Englishman's beer. It is generally drunk by the lowest classes.

332. In the Central Provinces and Berar *tari* proper appears to be drawn only in the districts bordering on the Godavari. It is recorded in Grant's Gazetteer, 1870, that "in parts of the Upper Godavari district.....the population of whole villages, men, women and even children, may be seen drunk for days together at the season of the year when the palm juice ripens for toddy;"* and the Committee understand that much drunkenness of the same kind prevails in the Sironcha tahsil to this day. Over the rest of the area date palms are the only trees tapped. An enumeration made in 1893-94 showed that there were about 16 lakhs of these palms in the districts of Wardha, Nagpur, Nimar and Chanda in the Central Provinces; there are also a large number in the districts of Basim, Amraoti and Ellichpur in Berar, and Narsinghpur, Betul, Buldana and Wun are all fairly well supplied. Tapping is chiefly confined to the seven districts first mentioned.

333. The provisions of Act XII of 1896 in regard to *tari* are that no person shall manufacture or sell fermented liquor without a license, and that the Chief Revenue Authority may make rules to regulate the supply of *tari* to licensed vendors of the same. No rules have been framed under the latter provision, nor have any arrangements for the licensing of manufacturers been prescribed. The right of manufacture and vend of this intoxicant may be farmed, but under section 25 (1) (b) of the Act the former right may not be farmed in a district or area in which a distillery has been established under section 6. Such distilleries have been sanctioned in all the districts in which *tari* is now drawn in the Central Provinces. There would thus appear to be in practice no definite legal authority for any method of administration of this branch of the revenue. Under the Berar Excise Law of 1897 no person shall manufacture or sell *tari* without a license, and under section 16 such tax as the Resident, with the previous sanction of the Governor-General in Council, directs may also be levied on every tree tapped, or, under section 19, the Collector may farm the right of drawing *tari* from all *tari*-producing trees within any local area, and may let such farm either by public auction or otherwise for such period and on such conditions as the Resident shall deem fit to impose. The privilege of drawing *tari* from trees the right to which vests in Government may be disposed of annually by auction or otherwise on such terms as the Collector, acting under the general orders of the Resident, may deem fit.

334. For the first ten years after the constitution of the Central Provinces into a separate Administration the revenue from *tari* was insignificant and it was included in the returns with drugs. No examination of the figures is therefore possible.

History.—Central Provinces.
First period, 1861—71.

335. In 1871, on the appointment of the Excise Commissioner, the *tari* revenue begins to be noticed separately, and from that year forward a continuous record is available. The revenue in 1871-72 was Rs. 42,185, which was about four per cent of the total Excise revenue, and it rose steadily from that year to Rs. 56,821 in 1874-75. From then on it began to fall, and in 1877-78 was as low as Rs. 38,222. This heavy fall attracted the notice of the Excise Commissioner, who decided that it was due to three causes (1) an uncertainty as to the state of the *malguzars'* rights over the trees, which will be referred to later; (2) the creation of large monopolies; and (3) the combination of *tari* contracts with those for manufacture and sale of country spirits. The latter arrangement Mr. Nicholls described as "an abuse of our auction system," while with regard to one of the large contracts he wrote:—"This arrangement may for the time have brought in higher license fees, but in the long run it has, no doubt, been prejudicial to our revenue, and, while it has almost deprived the poorest of our labouring classes of *tari*, has enabled the monopolist to raise his rates for country spirit to an almost prohibitive pitch, causing discontent and injuriously keeping down our revenue from duty."* He took action to break up the vend areas, with the result that the revenue rose in 1879-80 to Rs. 52,825, while the Wardha district alone showed an increase from Rs. 31,587 to Rs. 42,285 due to this cause.

Second period, 1871—81.

336. In the year 1881 the question whether the conveyance of the soil to the *malguzars* had included the right to the palm trees growing on the *malguzari* lands, which had been under discussion for many years previously, was finally set at rest by the judgment of the Judicial Commissioner in Second Appeal No. 101 of 1880, *Nago Row Mankar vs. The Secretary of State for India*, whereby it was decreed that the right in the trees lay with the *malguzars*. This decision had an immediately adverse effect on the revenue, which fell steadily throughout the next ten years from Rs. 52,825 in the year preceding them to Rs. 19,843 in the year following them. A number of different expedients for getting over the difficulty which arose from the demands of the *malguzars* were suggested and tried, as for instance (1) the promotion of competition between them by arranging that each circle of vend should include several *sindhbans*; (2) making an arrangement with them for payment of a fixed percentage of the revenue; (3) a similar arrangement for the levy of a fixed tariff; (4) the grant of the *tari* contracts to the *malguzars* themselves; and (5) the grant of large contracts. The latter was objected to by the Chief Commissioner on the ground that "under a large monopoly system the fear is that the *tari* monopolist who has once got himself well established can dictate his own terms and that Government will not obtain full value for the contract, for the number of men possessed of sufficient capital or who care to compete for a large *tari* contract is limited"†. The fear was more than justified. The big contractors obtained a footing and got the smaller ones into their debt or otherwise into their power, and this enabled them to frustrate any attempts towards a successful solution of the difficulty in any other of the ways mentioned. In 1886-87 the local officers had so far given up the attempt that they proposed to go still further in the creation of monopolies and give a five years lease for whole districts. The Excise Commissioner at the close of the period declared that the consumption of *tari* was on the decline, and that he did not anticipate any recovery under this head of revenue. It seems to the Committee that such a decline was inevitable when, in some districts, the Deputy Commissioners were refusing to license the sale of *tari* at all because of the destruction of the trees that so often resulted, while, in others, the country liquor contractors were buying up the *tari* shops in order to "compel *tari* consumers to resort to the country spirit shops."‡

* Excise Administration Report, 1878-79, para. 68.

† Review of the Excise Administration Report 1885-86, para. 8

‡ Excise Administration Report 1890-91, para. 23

337. In 1891-92 the orders above alluded to for the closure of shops, which it may be noted were in contravention of orders of the Government of India contained in Letter No. 2386, Finance Department, dated 8th December 1877, were cancelled by the Chief Commissioner, and orders * were issued for a return to the policy laid down in the Excise Manual, which was stated as follows: "*Tari* monopolies are often purchased at the annual sales by Kallars merely for the purpose of securing themselves, as vendors of country spirit, against competition from *tari*. Having obtained at some place the monopoly of retail vend of *tari* as well as of country spirits, they close the *tari* shop and confine their business to the sale of country spirit. In the interest of consumers of *tari* this practice should not be allowed to gain ground. It is accordingly provided in the license that the licensee should be bound to keep open all the shops in respect to which the license is granted, if required to do so by the Deputy Commissioner, and, in disposing of the *tari* contracts at the annual sales, the preference should be given to persons who wish to take them for the *bonâ-fide* purpose of making *tari* their business." An attempt was also made to reintroduce the system of sale by small circles, which resulted at once in an increase in revenue by Rs. 8,240, that is, from Rs. 19,592 to Rs. 27,832. The system was, however, objected to on the ground of the difficulty of collection of rents from a number of small renters, and large contracts were reverted to. In 1893-94 the tree-tax system was considered, and rejected owing, as it appears to the Committee, to a misunderstanding of its provisions, and an enumeration of the trees capable of yielding *tari* and the trees tapped in the four districts that showed the largest consumption was carried out, and showed that the number tapped was no less than 318,531. In 1895-96 the effect of bad seasons began to be felt, and the revenue fell to Rs. 20,624. It has shown small variations since, and stood in 1903-04 at Rs. 24,495. Meanwhile the grant of *tari* contracts to country spirit vendors has been adopted as a deliberate policy; the sale of the *tari* contracts in all but six districts has been put a stop to either because the consumption of *tari* interfered with that of country liquor, or because of the destruction of the trees, or because there are no bidders; and it has become the accepted opinion that there is no popular demand for *tari* and little knowledge of the practice of drawing it. The number of shops in 1903-04 stood at 620 as against 922 in 1882-83, when the continuous record begins, and 1,032 in 1886-87, and the *tari* revenue has only been twice alluded to in the reports for the past four years, both times to say that the figures require no comment.

338. The history of the *tari* administration in Berar is not dissimilar. In 1875-76, when the regular Excise reports begin, a *tari* shop was set alongside every country liquor shop, and it seems to have been the practice in some districts to sell the two privileges together and in others separately. The result was that in some places the Kallars deliberately closed the shops, while in others defeated competitors for country liquor contracts bought them in order to undersell their rivals. For the next five years this source of revenue received considerable attention. The policy declared was to encourage the consumption of *tari*, † which was described as a harmless and perhaps useful beverage, ‡ as much as possible. In 1876-77 the *tari* contracts were ordered to be separated from the country liquor contracts; in 1877-78 the large contracts were split up into small ones, and *tari* shops were removed from the country liquor shops and sold before them; and in 1878-79 the Resident ordered action to be taken to prevent the destruction of trees and to set aside areas for their reproduction. The rules governing the sale of *tari* contracts were concisely stated in 1881 as follows:—

- "(1) They should be small in size, seldom exceeding a station house range; where, however, trees are scarce, contracts must be large.
- (2) There must be sufficient trees in each.
- (3) The number of shops in each may be liberal.
- (4) The right of the contractor is simply to sell at the shops in his license the produce of trees growing within the limits of his contract."

* General Secretariat Letter No. 4444-464, dated 22nd July 1891.

† Excise Administration Report 1877-78, para. 15.

‡ *Ibid*, 1878 79, para. 13.

In 1881-82 they were modified by grant of permission to holders of contracts to import from other circles with the consent of the contractors thereof, and steps were taken to interest land-owners in the preservation of their trees. The revenue of this period varied from Rs. 59,649 in 1878-79, when the first complete separation of the contracts resulted in somewhat speculative prices, to Rs. 51,765 in 1883-84. The number of shops was generally slightly under 1,000.

339. From 1883-84 onwards a different view seems to have prevailed. The Second period, 1883-84 to 1895-96. circles of vend were gradually enlarged, and Deputy Commissioners recorded that the revenue was falling

through the competition of cheap country spirit, and that it was impossible to prevent country spirit contractors from getting complete control of the *tari* shops; the Commissioner, while noting the destruction of the trees, recorded his opinion that there were plenty left for the maintenance of supply;—views which it is difficult to reconcile with the Resident's previous orders; and the rules for protection of trees required by these orders seem never to have been formulated. Meanwhile the diminution of their number by extension of cultivation continued apace, and it was recorded, as in the Central Provinces, that the taste for this liquor was on the decline. The revenue fell in this period from Rs. 51,765 in 1883-84 to Rs. 40,818 in 1894-95 the number of shops remaining about the same.

340. In 1895-96 the Resident recorded his opinion that in the course of the reforms in the administration of country liquor and opium, the revenue from *tari* had been overlooked and required that more attention should be given to the matter.* Thereafter the tree-tax system was considered, but, as in the case of the Central Provinces, it was declared unsuitable. In this case also the decision seems to the Committee to have been influenced by considerations that were not essential to the system. Licensees were, however, prohibited in 1897-98 from holding any interest in any country liquor contract within their district or a radius of twenty miles outside it and the Forest Department was consulted concerning the preservation of the trees. Unfortunately all these proposals were made too late to save either the revenue or the trees; for the famines intervened, and an enormous number of trees were destroyed by drought, or for food for men and cattle. The only reform actually carried into effect was the adoption in 1901-02 of a triennial lease in the hope that the extended interest in the trees so given would tend to protect them. As was to be expected, the revenue continued falling, and amounted in 1902-03 to Rs. 18,662, the lowest yet reached. The number of shops showed a smaller fall, and they now number 929.

341. The arrangements at present in force in the Central Provinces are for *tari* contracts for whole districts to be granted either to the holder of the contract for sale of country spirits or to independent contractors. In the former case the contractor either stops the sale of *tari* altogether or sells in small quantities at prices which will not allow it to compete at an advantage with his country spirit. In the latter case he generally sublets to tappers or smaller contractors. The Wardha and Nagpur contracts are the only ones that continue of importance and realised in 1903-04 Rs. 14,092 and Rs. 6,000 respectively, or Rs. 20,092 in all out of a total revenue of Rs. 24,495. These same two contracts in 1874-75 were worth over half a lakh of rupees by themselves. *Malguzars* ordinarily charge a monthly fee per tapper for the use of their *sindhbans*, but in rare instances a fee per tree is substituted. Supply of one area by another is not unknown. For instance, it is reported that the present Warora contractor obtains his supplies from within the Wardha district. *Tari* is sometimes sold in *sindhbans*, which is against the law, but more generally in licensed shops. Transport to these latter does not appear to be covered by any rule and consequently the possession by the transport of *tari* in excess of the limit of retail sale between the place of manufacture and place of sale is technically an offence. It has already been pointed out that the form of the right of manufacture given in districts in which there are sadar distilleries are contrary to the Act. The number of shops open is 620, of which 364 are in Wardha and 133 in Nagpur. The sale price varies from one anna to three pice per bottle, and from the number of

* Review of the Excise Administration Report for 1895-96, para. 5.

persons found at the shops visited and the state of the trees, the Committee are decidedly of opinion that there has been no falling off in consumption proportionate to the fall in the revenue. On the other hand, there are some signs that the habit of toddy drinking is spreading among classes not formerly addicted to it. The higher class Mahomedans are reported to drink *nira*, or sweet toddy, which it seems probable they seldom secure before fermentation begins, and the seller at the Khandwa shop is a caste Hindu and has set himself to spread a taste for the liquor among his castemen.

342. In Berar, as has been seen in the discussion of the history of this matter, contracts for three years have been granted in the Present arrangements, Berar. hope of ensuring some interest on the part of contractors in the preservation of the trees. This has apparently not been successful owing to the fact that the contractors have sublet to smaller men, who have exhausted the trees, if anything, more than before, and a revision of the license with the object of making the contractor responsible for his sublessees is under discussion. The contracts include the use of Government trees, of which there were 447,040 in existence in 1898. The charges of land-owners are generally fixed on the trees, and vary from 3 pies to 3 annas a tree, but in some districts, *e. g.*, the greater part of Wun, the owners have not yet succeeded in securing any payment at all. Sale is at shops, of which there are 929 in all, and the price varies, as in the Central Provinces, from one anna to three pies a bottle.

343. Before proceeding to criticize these arrangements it will be well to The experience of the C. P. and Berar compared with that of other Provinces. consider how far the opinion of the Central Provinces and Berar that *tari* is going out of consumption and that the revenue from this source is destined to continue to fall is confirmed by the experience of other Provinces. The one Province that shows a fall in revenue under this head is Bombay, where special causes have operated to bring about a fall in all branches of the Excise revenue. On the other hand, the revenue of Bengal from this source has risen in the past ten years from Rs. 10,89,641 to Rs. 11,17,723, or by 2 per cent, that of Mysore from Rs. 13,10,240 to Rs. 16,87,408, or by 28 per cent, that of Madras from Rs. 61,84,385 to Rs. 79,24,607, or by 28 per cent, that of Burma from Rs. 3,80,525 to Rs. 5,58,590, or by 40 per cent, and that of the United Provinces in the past nine years from Rs. 89,246 to Rs. 1,48,729, or by 66 per cent. This increase is part of an increase which has been shared by almost all branches of the Excise revenue in these Provinces and by most branches of it in the Central Provinces and Berar. It seems to the Committee, therefore, that the fall of the Central Provinces and Berar *tari* revenue from something over a lakh to something under half a lakh is a matter which needs thorough investigation.

344. The causes most commonly assigned are the fact that the taste for *tari* The causes assigned for the fall of revenue in the Central Provinces and Berar.—Change of taste. is on the decline, the difficulties arising from the transfer of the right of the user of trees to the *malguzars*, and the destruction of the trees. In regard to the first of these, the Committee are inclined to think that there is some confusion between cause and effect. They can find no evidence of any spontaneous change in the taste of the people. On the other hand, they find much evidence of a change being forced upon them by the action of the spirit dealers, and they are inclined to think that the assertions of these latter as regards the change of the taste of their customers have been too readily accepted.

345. The ruling of the Judicial Commissioner's Court whereby the right of The transfer of the right of user to malguzars. user was conferred upon the *malguzars* undoubtedly had a considerable effect at the time owing to the uncertainty of the tappers and *malguzars* as to what the rights of the latter exactly were. But even at that date its importance seems to the Committee to have been exaggerated, as, for instance, when the Excise Commissioner for 1875 protested against the *malguzars* "sharing the profits to excise" to which "nobody will pretend that they have any right."* This idea, which for a time operated in the direction of the encouragement of country liquor as opposed to *tari*, seems to the Committee erroneous inasmuch as the payment for the right of user is simply a payment for raw material, and a *malguzar* who sells the

* Letter No. 1867, dated 28th July 1875, para. 26.

right to tap his trees is no more taking a share of the Government revenue than one who sells *mahua* in the open market. Some of the subsequent reports seem to show that, as soon as the ruling was clearly understood, the *malguzars* were quite open to reasonable arrangements, and one Deputy Commissioner of Wardha succeeded in getting all the *malguzars* in that district to agree to a reasonable and uniform tariff, only to have his arrangements defeated by a monopolist liquor contractor. The Committee are therefore inclined to regard the liquor contractors, in this instance again, as responsible for the bulk of the loss.

346. The loss by destruction of trees is much more serious. That the death rate has been very high there is no question. The fact is obvious to any traveller through the Wardha and Amraoti districts. The causes appear to be five : (1) drought, (2) destruction of the trees for food in famine years, (3) destruction by land-owners with the object of bringing land under the plough, (4) insect pests, the chief of which is the palm weevil (*Rynchophorus ferrugineus*), and (5) over-tapping.

347. As regards the first cause the following extract from a report of the Government Botanist, Madras, will be of interest :
 Loss by drought. "The date tree, in spite of a somewhat different popular view, is peculiarly dependent on a good supply of water. By its long roots it is able to penetrate the deeper layers of the subsoil, and thus to exist where other vegetation is absent or scarce, thus living, as the Arabs say, 'with its head in the fire and its feet in the water.' A comparison of the trees of the delta lands with those of the uplands will at once demonstrate this love of water. Tapping a tree is an exhausting process, and the withdrawal of large amounts of sap during a period of drought will inevitably endanger the tree's life." In view of these remarks the following comparison of the rainfall and *tari* revenue in Berar in years of drought and years of good rainfall will be of interest:—

						<i>Tari</i> revenue. Rs.	Average rainfall in inches.
1891-92	...	...	...	...	...	45,680	39'29
1892-93	...	...	...	...	...	45,715	59'31
1893-94	...	...	...	...	...	43,108	36'93
1894-95	...	...	...	...	...	40,818	41'70
1895-96	...	...	...	...	...	29,921	25'89
1896-97	...	...	...	...	...	39,697	28'98
1897-98	...	...	...	...	...	39,325	31'15
1898-99	...	...	...	...	...	39,739	29'16
1899-00	...	...	...	...	...	25,920	13'37
1900-01	...	...	...	...	...	24,243	35'57

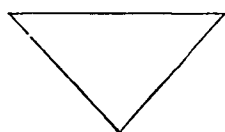
348. In addition, the sweet centre of the palm is edible like that of the cabbage palm, and there is no doubt that many trees were destroyed in the famine years for the sake of this.

349. As for the third cause, the Berar reports show that there has been extensive destruction in that Province on this account, although the enumeration carried out in 1897-98 would seem to show that sufficient trees should still exist to supply a very considerable demand.

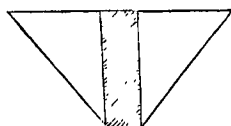
350. The fourth cause is one as to which there is some difference of opinion among the experts, as will be seen from the extracts from some reports on the subject which are submitted separately. There is no doubt that the tapper, when threatened with penalties for the death of trees entrusted to him, generally attributes it to the ravages of the palm weevil, and it is seldom that he is unable to produce from a dead tree near by a sample of the insect in the course of his destructive operations, and it has been generally assumed that the incision in the tree gives entrance to the weevil, and that, therefore, indiscriminate tapping has been an indirect cause of much destruction. An exhaustive examination of dead or dying trees has, however, in two instances tended to show that the number of deaths due to the weevil has been much less than that generally attributed to it. The Government Botanist, Madras, on examination of a selected tope, found only seven trees whose death was directly attributable to attacks of the weevil on the cut surface, while 36 were directly due to over-tapping and nine to a combination of the two causes. Mr. Kearns, an Abkari officer of much experience among the date topes of Mysore, went so far as to assert that the weevil did not attack the cut surface of the palms at all. This assertion proves, on a reference to the Entomologist to the Government of India, to be incorrect,

and the latter officer reports that it is the sour smell of the cut surface that attracts the weevil, and that, in the islands of the West Indies, it is a common practice to deliberately cut into palms in order to attract the similar *Rhynchophorus palmarum* or *grugru* worm, which is there esteemed a delicacy, and a note with which the Committee have been favoured by the Commissioner of Customs, Abkari, Opium, and Salt, Bombay, shows that these insect pests are well known in that Presidency, where active steps are taken for their destruction by tappers whose trees are attacked. The weevil must therefore be set down as a destroyer of trees, but the assertions of the tappers as to his destructiveness must be accepted with caution, as the tapper is very liable to make the weevil a scapegoat for his own offences.

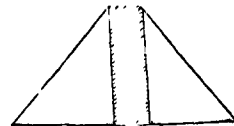
351. There remains destruction due to the tapper himself. In the Central Provinces it is undoubted that this is the most common cause of destruction. The tappers are of the lowest class, and their method of tapping is most destructive. A great cavern is cut out immediately under the apex of the tree passing at least half way through it and leaving but a slender piece of leaf base in support of the crown. The latter then soon dies, or, if it does not, curls over the cut surface and becomes deformed. Moreover, since the *malguzar* ordinarily bases his charge for trees on the number of tappers admitted to his *sindhban*, and not on the number of trees tapped, a much greater number than is necessary are laid open to the ravages of palm weevils, white ants, crows, rats, squirrels and other enemies, while only the few that after a trial give the best yield are kept under tapping. Further, these trees are tapped daily until their yield stops and never given a rest to recover themselves. This is a defect which was noticed at once by a Bombay officer who was appointed Personal Assistant to the Inspector-General of Excise in Berar, and one which, according to Mr. Kearns, is not only very destructive of the tree, but results in the production of a very inferior class of *tari*. He states that the Mysore people will not drink the result of a daily tapping. That his conclusions are thoroughly sound will be obvious if it is remembered that the sugars contained in the juice supply the energy necessary for all chemical action throughout the plant as well as the materials for building up new cell walls; so that the removal of an undue quantity of these sugars must arrest all growth and render the plant inert and incapable of producing more. There are some exceptions to this general rule of destructiveness, however. For instance, the tappers of the Sambalpur district leave a median ridge in the incision which not only serves to carry sap to the crown, but supports the latter and prevents its breaking off at the cut, which is such a common cause of death. They do so on a more humane principle than even the tappers of Madras and Mysore, the horizontal cut being at the base instead of at the top of the incision thus:—



Ordinary incision.



Madras incision with median ridge.



Sambalpur incision with median ridge.

The Committee have observed similar incisions in trees tapped before *tari* fell into disuse in the Hoshangabad district. The Nimar tappers also, though themselves very destructive of the trees, are reported to take some steps to save them from the ravages of the weevil. Whenever they find grubs in the cut they treat it with the juice of the *Euphorbia neriifolia* and then plaster it for five days with clay, which treatment they consider sufficient to kill them.

352. But very much more potent causes of the loss of revenue than any of these are the methods adopted in the disposal of the contracts. In Wardha, where the revenue is most important, the grant of a monopoly contract for the whole district has been the rule for years past, in Nagpur the *tari* contract has been deliberately given for considerably less

The methods of disposal of contracts a much more potent cause of loss of revenue.

than its real value to the country liquor contractor, in Narsinghpur the same man has held the contract at a steadily decreasing rental for the past twenty years, and in Nimar 55 out of 57 shops have been closed. Before arrangements of this sort were put into force, the consumption was evidently little smaller than in other similar areas. There were over 2,000 shops in the Central Provinces and Berar spread over twenty districts, in all of which tapping took place, and the reports show that the tendency was, if anything, for the habit of *tari* consumption, which is everywhere mainly confined to the lowest classes of the population, to spread upwards, that for the year 1879-80 showing that the Kunbis were taking to it. And, so long as small contracts for country liquor continued the rule, the *tari* shops sold well. As the country liquor contracts begin to fall into the hands of the monopolists a steady decline in the *tari* revenue is observed, followed by a revival whenever the large contracts are broken up. The cause of this is clearly traceable from the reports. The big contractors got the *tari* shops into their own hands, and deliberately forced the consumers to purchase their inferior liquor at the country liquor shops. A fall in consumption was inevitable. They used the trouble with the *malguzars* to further their own ends, and, even when the district officers made a stand against them, as at Wardha in 1884-85, they managed to defeat them through means of the power which their big contracts had given them.

353. The fact that neither the demand for *tari* nor the potentialities of the revenue under this head are really on the decline is shown, firstly, by the large increase in the bids secured whenever the contracts have been broken up and separated from the country liquor contracts, secondly, by the fact that the Settlement Commissioner's count of 1893-94 showed 318,531 trees tapped, which paid a total revenue in that year of Rs.20,438, or something under half a pie per gallon consumed, while 4½ lakhs of trees tapped in Mysore in 1902-03 paid nearly 17 lakhs, and by local inspection of topes and shops, which shows that scarcely a tree fit to be tapped has escaped tapping and that there is a large gathering of consumers at the shops every night.

354. Before discussing proposals for the improvement of the control of this intoxicant, the Committee would remark that it seems to them to be one that, so far as may be, deserves the encouragement of the Administration. Though it can hardly be fairly described, as one speaker in the debate of 1889 described it, as "little stronger than ginger beer,"* it is certainly much less deleterious than the *mahua* spirit which has to a great extent replaced it, and affords the labouring classes who chiefly consume it a certain amount of food as well as drink. In these circumstances the Committee submit that it is a wrong policy to allow it to be driven out of consumption. On the other hand, they would recommend the adoption of the policy which found favour with the majority of the Bengal Excise Commission, namely, the encouragement of the use of wholesome fermented liquor with a view to check that of country spirit.†

355. The measures the Committee would suggest for putting *tari* in a position of favourable competition with country spirit are, firstly, the offer of contracts for sale in all districts where there are palm trees, secondly, their complete separation from the country liquor contracts, thirdly, the encouragement of the growth of date palms in districts where there is a demand for them, both on Government and private lands, after the manner adopted in Mysore, fourthly, the circulation through the Excise Department of instructions to the tappers regarding better methods of tapping, more particularly the introduction of the median ridge and the grant of rest to the trees on intermediate days, fifthly, the circulation through the Agricultural Department, as suggested by Mr. Walker, the Deputy Commissioner, Nagpur, of instructions to landholders regarding the best method of preservation of their trees, and, sixthly, the introduction of strict rules, as in Berar, penalizing the destruction of trees growing on Government lands or in Court of Wards estates.

* Debate in the House of Commons on the Excise Administration of the Government of India, dated 30th April 1889, page 15 (Mr. Walter M'Laren).

† Report of the Bengal Excise Commission, Chapter XI (17).

356. Before considering the available systems of taxation, it will be well to touch briefly on the question of the supply of trees for tapping to contractors or tappers. The Committee have already indicated their belief that the difficulties in respect of the supply of private trees will rapidly disappear as soon as the interference of the country spirit contractors, which they believe to have been largely responsible for them, ceases. Should any further difficulties arise, however, they believe that an amicable arrangement is quite feasible. The Deputy Commissioner of Wardha made arrangements for the levy of a uniform and reasonable fixed tariff in 1884-85, and the Committee see no reason why similar arrangements should not be made at the present day. They have been introduced with success over large zamindari areas in Madras, and have been working there for years. Or, if a system of sharing the lump realizations on account of both excise duty and the right of user is preferred, there are villages in Chanda, as will be seen below, that afford a precedent. In respect of Government trees the system to be adopted will depend on the system of Excise taxation. If a system of taxation on the trees is tried, it will be well to levy a small fee more or less equal to the charge of the land-owner together with the tree-tax. If, on the other hand, the system is to be one of auction by circles of the exclusive privilege of manufacture and vend, there is, as Colonel Warren Hastings has pointed out, nothing to be gained by separation, and the right of user of the Government trees in any area may well be auctioned with the exclusive right of tapping, as is the present practice in Berar.

357. As regards the systems of taxation, the first thing to be insisted upon is the splitting up of the contracts. It has been seen that this has been successful in the Central Provinces and Berar whenever it has been put into force. In the United Provinces the introduction of separate sale under the name of the shop-to-shop system resulted in an increase of revenue wherever it was tried, and in Madras it is one of the essential features of a system which brings in from 70 to 80 lakhs of rupees a year. The one objection to it in these Provinces is the trouble that it gives. The Committee trust that this objection will cease to be urged when an enlarged Excise Department has been appointed to take the burden of the work off the shoulders of the Land Revenue officers. In any case they question whether it should be allowed to prevail. They regard the system of large contracts in this matter as certain to be fatal to the progress of the revenue and very likely to be fatal to the proper supply of the people.

358. This being effected, the next question for consideration is whether an attempt should be made to place a direct tax on this intoxicant. This can only be done under what is commonly known as the tree-tax system, which is one under which the right of vend is first sold by single shops or small groups and the purchaser is required to obtain his supplies from trees of which he purchases the right of user from a private owner or Government, as the case may be, and in respect of which he pays a fee at a fixed rate for each tree for the right to tap. The trees so paid for are marked with numbers before they are allowed to be tapped, and the *tari* drawn is only allowed to be sold in the shop under the license of the vendor on whose application the trees have been marked.

359. The question whether the profits derivable under this system justify its introduction is one upon which opinion is very divided, and the Committee therefore propose to consider briefly the experience of other Provinces in connection with it, so far as it is available to them, before making any recommendations. From that of Bombay, which originated it, they are unable to draw any definite conclusions. The methods of tree taxation at present in force in that Presidency seem to be very various, and the rates of taxation much higher in some cases than the Committee could recommend. Moreover, the Excise revenue generally has been so much disturbed by years of plague and scarcity that the figures are no fair basis for conclusions.

360. The Committee therefore turn to Madras for an example of the successful working of the system. It has been in force there for eighteen years, and has been mainly responsible for the increase of the revenue from Rs.27,98,374 in 1885-86 to Rs.79,24,607 in 1902-03.

At the same time it has not decreased the consumption of *tari* as compared with spirit, the commonest rates of taxation being Re.1-8-0 for a date palm per year, and the ordinary price of *tari* eight pies a bottle as against a common taxation of spirit at Rs.4-6-0 per gallon proof and a price of Rs.1-0-0 per bottle of 30° u.p. In addition it is sometimes claimed for it that it has saved the trees by reducing the number tapped and rendering them more valuable to their owners. To set against these satisfactory results are the facts that the marking and inspection of the trees involve a very large establishment, and that about 10,700 cases of offences in connection with the system are prosecuted on the average every year. There are circumstances peculiar to the Presidency, however, which are largely responsible for this high figure. The first of these is the fact that the drawing of sweet toddy as a beverage or for the manufacture of *jaggery* is a large industry and is free of taxation, a fact which gives a cause for much illicit tapping for fermented *tari* as well as for some false prosecutions; and the second the very great prevalence of trees and of the practice of tapping and distillation from *tari* in the two West Coast districts, which are alone responsible for from 3,000 to 4,000 cases every year.

361. The system has been tried in two other Provinces, Bengal and the United Provinces, and rejected in both. The reasons for its rejection will be found fully stated in the papers printed in Appendix III with which the Committee have been favoured by the Excise Commissioners concerned. In Bengal the system as known in Madras was never really tried nor did the law in force admit of its introduction. What was done was to enumerate a large number of trees both tapped and untapped, and to require licensees to put in schedules of trees required by them; "to fix a varying and arbitrary rate of tax for each palmyra and date tree scheduled; and at the annual settlement to set down an amount equal to the rate of tax multiplied by the number of trees as representing the tree-tax, while the remainder of the total *jama* was set down as the vend or shop fee. The aggregate *jama* was in reality fixed without any reference whatever to the number of trees scheduled, being settled by haggling with reference to the previous year's rent and the prospects of the ensuing season. No special establishments were employed to watch the trees, and the number of prosecutions for tapping unlicensed trees was insignificant. The *Pasis* had no difficulty in getting access to as many trees as the zamindars agreed to give them, whether scheduled or not. And to all intents and purposes no change was made in the former system, except on paper."* Accordingly it was decided that no inferences could be drawn from the experiment as to consumption or revenue. The objections that prevailed against the system were that its control by an efficient staff must be "a source of intolerable annoyance to all classes," and the number of prosecutions for excise offences in Madras, which were stated to amount to considerably more than 30,000 a year, and the decision was recorded that "the Lieutenant-Governor would prefer to forego the prospect of a large increase of revenue (even if it were probable, which it is not) rather than open the door to such a condition of things in this Province." In other words, the decision was one, not so much against the efficacy of the system, as against the political wisdom of introducing it. The Committee are inclined to the opinion that there can be little doubt of the efficacy of the system as a means of raising revenue, if it is thoroughly worked, and they find on an examination of the figures that the average number of prosecutions for all excise offences for the past five years in Madras was only 21,439, of which 10,700, as stated above, were connected with *tari*, 4,700 of the latter occurring in three districts where tapping for sweet toddy, which does not appear to prevail largely in Bengal, was the occasion for them. But, even so, the number is very large and the grave objection to the interference with the people remains, and, on the question whether this can be compensated for by an increase in the revenue derived from *tari* or not, the views of the Madras and Bengal Governments appear to be diametrically opposite.

362. In the United Provinces a modified form of the system was introduced, and proved a financial success, contributing to an increase in the *tari* revenue of the two districts in which it was tried, with the aid of the shop-to-shop system, from Rs. 29,349 in 1900-01

* Letter from the Secretary to the Government of Bengal, No. 669 T.F., dated 18-6-00, printed in Appendix III.

to Rs. 31,621 in 1901-02. It was abandoned chiefly because the small number of trees as well as of owners placed the *tari* licensees at the mercy of the latter, but partly also because the entertainment of the special staff employed, which consisted only of peons, involved a considerable harassment of the people. The Excise Commissioner adds with reference to this latter difficulty that "the only remedy would be the exercise of unceasing vigilance by a staff of peripatetic inspectors, the number of whom so far sanctioned in these Provinces is woefully deficient."*

363. In contrast to these results are those obtained in the Native State of Mysore, where the system has contributed to the increase of the revenue in four years from Rs. 14,78,991 in 1896-97 to Rs. 18,49,829 in 1900-01, and the Excise Commissioner expresses the greatest satisfaction with it, as will be seen from his account of its advantages which is printed in Appendix III. The Committee would lay some stress on these results, because it has been urged in reference to the proposed introduction of the system in the Central Provinces and Berar that, though it may be suited to topes of cocoanut and palmyra palms, which are easily seen and numbered, it cannot be made applicable to the circumstances of thick groves of date palms such as occur in these Provinces. There is some force in this objection, and it was by reason of it that the system was extended in Madras last of all to the Ceded districts which are nearly all black cotton country with no palm trees but date palms similar to but much smaller than those in the Central Provinces and Berar, so small indeed that the tappers have been known to scrape away the earth to get room for their pots beneath the incisions. In spite of this the introduction of the system into these districts has been uniformly successful, and contributed to an increase of revenue from Rs. 10,03,156 in 1893-94 to Rs. 13,22,494 in 1901-02, and a percentage of increase for five years after its introduction of 20·4 as against 12·7 for five years preceding it. The circumstances of Mysore are similar, and 95·6 per cent of the trees tapped there in 1902-03 were date palms.

364. As a further example of its potentialities from a revenue point of view, the Committee would invite attention to the following figures: The total *tari* revenue of the Central Provinces and Berar in 1902-03 amounted to Rs. 24,278 and Rs. 18,662, respectively. That of the two districts with the smallest *tari* revenue in Madras, *viz.*, Nellore and Ganjam, in 1885-86 was similar, *viz.*, Rs. 23,048 and Rs. 11,054. The tree-tax system was introduced into these districts in 1890-91 and 1893-94, when the revenue stood at Rs. 54,302 (compare Central Provinces revenue of 1879-80 under the same system of Rs. 52,825) and Rs. 26,394 (compare Berar's Rs. 51,765 in 1883-84), respectively. In 1902-03 the revenue under the new system was Rs. 1,30,144 in Nellore and Rs. 59,861 in Ganjam. There is every reason to believe that the tree-tax system properly worked would yield similar or better results in the Central Provinces and Berar.

365. It has already been stated that the introduction of the system has been previously discussed in both Provinces and that the decision against it has been largely influenced by the fact that its principles have not been fully understood. The Committee proceed to justify this statement. In the case of the Central Provinces the discussion was preceded by an enumeration of all the trees fit for tapping and tapped in the year in the four districts that yielded the largest *tari* revenue. This was a procedure borrowed from Bengal, but in no way essential to the tree-tax system, as the Committee understand it. The Excise Commissioner, though he thought the system theoretically desirable, reported against its introduction on the ground that the revenue was small and that the Province could not afford the establishment necessary "to mark all the trees deemed capable of yielding toddy." The first of these objections seems to the Committee to be scarcely logical. The count of trees showed, if the figures of the Settlement Department are to be accepted, that no less than 318,531 trees were actually tapped in the year of enquiry in the districts of Wardha, Nagpur (excluding the Katol tahsil), Nimar, and Chanda (excluding four *patwari* circles),

* Note on the Trial of the Tree-tax System in the United Provinces, printed in Appendix III.

and the papers in the file contained an estimate of the annual yield of a date palm as 27 gallons. The *tari* revenue of the whole of the four districts for the year in question was Rs. 20,438, that is, something less than half a pie per gallon. At the lowest rate of tree-tax in force in India plus rentals at half the tree-tax the same number of trees would have yielded Rs. 4,77,796. The smallness of the revenue therefore, when coupled with the extent of the tapping, seems to the Committee to be an argument for and not against the system. As regards the numbering of all the trees capable of yielding *tari*, the Committee can only say that they can trace no record of any tree-tax system which requires such a procedure. Nor can they imagine that any purpose could be served by such numbering. Even the enumeration that was actually carried out in the Central Provinces and Bengal seems to them to involve an expense out of proportion to the results attained.

366. The discussions of the tree-tax system in Berar extended over a long period. That first discussed was one of the various systems in force in Bombay which bears little relation to the tree-tax system as the Committee know it. The idea seems to have been to convert the auction price of the monopoly of manufacture and vend into a sort of minimum guarantee covering the tapping of a fixed number of trees and to charge for the tapping of any tapped in excess. The later discussions are much complicated by what appears to the Committee to be a confusion of a casual adjunct of the Madras system with the tree-tax system proper. Under the arrangements in force in Madras fees levied for the right of user of the trees on Government lands are credited to the Forest Department. It is therefore not feasible to auction the right of user of Government trees with the right to tap, and, as separate auctions in the interests of the Forest Department are undesirable, the practice has been adopted, where the tree-tax system is in force, of letting out the right of user of Government trees at a fixed fee per tree, which is collected for convenience sake along with the tree-tax. This inter-departmental arrangement appears to have been regarded as an essential part of the Madras system by the Resident in Hyderabad, who suggested its introduction into Berar. A prolonged discussion, covering both this arrangement and the tree-tax system, ensued, which resulted, as in the Central Provinces, in a decision to make no change, though the Inspector-General had shown himself not unfavourable to the tree-tax system on a previous occasion. A census of trees was also made, but in this case only of those belonging to Government.

367. The Committee think that they are entitled to conclude on these facts that the revenue potentialities of the system are beyond all question, and that the previous objections to its introduction are none of them such as to preclude a further discussion. The question whether it will save the destruction of the trees or not is more doubtful, but the Committee's opinion is decidedly in its favour as compared with the system at present pursued in the Central Provinces and Berar. There remains the question whether the revenue which the system brings in is worth the interference with the people which it involves. It has been seen that the Governments of Bombay and Madras hold that it is, while the opinion of the Government of Bengal, and, in a lesser degree, that of the United Provinces is diametrically opposite. The Committee would respectfully submit that a question of this sort is pre-eminently one in which, as the Chief Commissioner has urged in another reference, "the guiding hand of the Supreme Government is needed to secure better co-ordination and co-operation"* among Local Governments, since the system involves a large amount of interference with the people and is calculated (on the Madras results) to produce in time an additional revenue (of which three-fourths is Imperial) which would give an incidence of taxation per head more than four times that of the income-tax in the Central Provinces.

368. If the question is to be decided for the Central Provinces and Berar alone, it is necessary to estimate the extent of the interference involved. It has been seen that in Madras the figures of prosecutions are swelled by particular circumstances which do not exist in these Provinces. For purposes of comparison therefore it is necessary to take the districts in which there is no tapping for sweet toddy or for distillation.

* Secretariat Letter No. 3237, dated 2nd June 1904, para. 13.

The Ceded districts of Madras, which have already been quoted as being similar to the Central Provinces, afford such a comparison. The three districts of Kurnool, Bellary and Anantapur, with an area of 18,849 square miles and a population of 2,607,523, yielded in 1902-03 a *tari* revenue of Rs.11,73,297 for 386,719 trees tapped and employed a staff of seven Inspectors and 70 Sub-Inspectors, who prosecuted 108 cases of illicit tapping. The areas in the Central Provinces and Berar where tapping is of importance are Nagpur, Wardha, Amraoti and Basim, which give an area of 11,976 square miles, a population of 2,220,475, and yielded a *tari* revenue in 1903-04 of Rs.35,426 from a number of trees tapped which, if the count made in 1893-94 was even approximately correct, must have been considerably larger than the figure for the three Madras districts above taken for comparison. Under the scheme of establishments which the Committee in a later chapter will propose these districts will require, apart from the tree-tax system, a staff of three full-time Extra Assistant Commissioners for control of excise and 28 Sub-Inspectors at the rate of two to a tahsil. Supposing revenue, establishments and prosecutions to increase to the Madras rates by the introduction of the tree-tax system, these four districts would give an additional revenue of Rs.9,99,138 * at the expense of an additional employment of one Extra Assistant Commissioner and sixteen Sub-Inspectors † with their orderlies and a prosecution of 92 ‡ cases of illicit tapping. The Committee would respectfully submit these figures for the Chief Commissioner's consideration in arriving at a decision as to whether the revenue derivable is worth the interference with the people that must accompany it. It is probable that they largely over-estimate the revenue by reason of the fact, stated in paragraph 351 above, that many more trees are cut into in the Central Provinces than are ultimately kept under tapping. But no such objection applies to the figures of establishment and offences and, if the tapping of fewer trees produced less revenue, it would at the same time save many trees.

369. The recommendation of the local officers is that the system should be given a trial in one district, and this the Committee would strongly recommend as the best means of testing their conclusions and of forming an opinion as to the amount of interference with the people involved. They would only urge that, if the trial is made, it should be full and complete. To this end they would suggest that it should be made in a fairly advanced district, where the country spirit systems are in a comparatively settled state and where there is a fair number of Government trees and a good Excise establishment; that the trial should be extended over at least three or four years before a decision is arrived at; and that, before the system is put into effect, the officer who is to control it should be deputed to study its practical working in one of the Ceded districts of Madras. A Berar district is to be preferred under present conditions both because the Berar law provides for the adoption of the system and because the Government owns a large number of trees in that Province.

370. The officers of the Nagpur Division suggested a trial in Amraoti, but those of Berar preferred Basim. After a careful consideration of the matter the Committee would recommend a trial of the system in the former district for the reasons, chiefly, that the country spirits system is in a settled state, and that, owing to its larger Excise revenue, this district will be entitled, under the scheme of establishments to be suggested hereafter, to a full-time officer for control of Excise matters, which Basim will not.

371. In areas where the system is not adopted, the Committee are somewhat doubtful as to the wisdom of the arrangement, which has apparently always been regarded as one of the first essentials of successful working in these Provinces, under which the monopoly of tapping in a given area is given to the purchaser of a given group of shops. An exactly suitable distribution of *sindhbans* and shops is, as the reports show, an operation to which even the District Officer's local knowledge is unequal, and must result in any case in the allotment to some shops of many more trees than they have use for and to others of many less, as well as in giving the land-owners in some areas a most undesirable hold over

* Based on population.

† Based on area.

‡ Based on revenue and area.

the purchasers of the monopoly right of tapping. In practice the arrangement has been departed from in both Provinces, more particularly where the contracts have been broken up, and the difficulty involved in it seems to have been a chief cause of the repeated reversions to large monopolies. The Committee would therefore recommend the trial at any rate of a system which combines the right of vend with the right to license tappers to tap wherever the licensed vendor has secured the right of user either from Government or a private owner. This system, which is practically identical with the 'shop-to-shop' system of the United Provinces, would facilitate the levy of a fixed fee for the right of user of Government trees if it was desired. It would necessitate the prohibition of sales except on the licensed premises and the inspection of tappers licensed, but this could be arranged for with an increased establishment. It might perhaps be advisable to try this arrangement in a second district, say Wardha, in the first instance, and to continue existing arrangements, as modified by the breaking up of the contracts, elsewhere.

372. The Committee have considered the necessity of providing for tapping for sweet toddy for the manufacture of *gur* or otherwise.

Miscellaneous provisions. They can only find evidence of one attempt in this direction in the Nimar district, which has since been abandoned, and the present number of tappers is so small that a revival seems improbable. In Berar it is recorded that "the right of selling fresh *tari* is also enjoyed by the renter; but in this case a similar license may be issued to other persons at the discretion of the Deputy Commissioner on payment of a fee of one rupee. This provision does not apply to the area under the Berar Excise law; and elsewhere it practically remains a dead letter."* Nor is there at present any use of *tari* for distillation. No difficulty appears to have arisen hitherto in connection with supply to bakers, but provision may be made in the rules to cover their possession of quantities in excess of the limit of private possession in case of necessity. Provision may also be made for the grant of licenses for tapping a limited number of trees for private consumption in case any demand for such licenses should arise.

373. Some exceptions to these rules would appear to be necessary to cover

An exception to these rules to be made to cover exceptional arrangements in Chanda.

certain exceptional arrangements made in the Chanda district, more particularly in connection with the privileges which the Maria Gonds are reported to have enjoyed in respect of tapping from time immemorial. The existing arrangements in connection with this matter as the Committee understand them are as follows: In twenty-seven khalsa villages of the Sironcha tahsil the Maria Gonds have enjoyed the right of tapping all the palm trees without making any payment on account of duty or the right of user (the latter under an arrangement arrived at during Settlement), and still continue to do so. In ten other villages with a more mixed population the Settlement Officer held that the *malguzars* were entitled to the trees, but made an arrangement with them to the effect that the right of user should be leased with the right of tapping on the understanding that two-thirds of the revenue should be paid to the *malguzar*. As one-half of this amount subsequently comes to Government in the shape of miscellaneous revenue, the *malguzar* actually realizes one-third of the whole contract amount on account of the right of user. Lastly, in the Ahiri zamindari, until the resumption of the zamindar's excise rights, it was the practice for the zamindar to lease out contracts for sale of *tari* at shops only in six villages lying near the river or the road, and to let the trees in the rest to the headmen of the Maria villages for a small fee. The Marias will not drink *tari* tapped by other castes, and consequently it has been found impossible to introduce regular excise arrangements into any but the six villages above alluded to.

374. The Deputy Commissioner of Chanda, Mr. Marten, discussed these arrangements at a special meeting held with the Committee at Nagpur on the 20th March 1904, and strongly

The Deputy Commissioner's proposals.

recommended that, so far as the Maria Gonds are concerned, these irregular exemptions that have been so long in force should be duly legalized. As regards the other matter he stated that the *wajib-ul-arz* of the ten villages in which the special arrangement for payment of one-third of the lease amount to the *malguzars* in exchange for the right of user of the trees was

* Memorandum on Excise Administration in India, 1902, page, 54.

in force would shortly come under revision, so that a fresh arrangement could be made if it was desired.

375. The question of the exemption of a backward class like the Maria Gonds from the operation of Excise rules is one in which the Committee must be guided by the local officers, and they therefore recommend the acceptance of the proposals of the Deputy Commissioner in the following terms, namely, that the Maria Gonds be exempted from all taxation on *tari* manufactured for home consumption as well as from the operation of any rules requiring licenses for the manufacture or possession of the same in the twenty-seven khalsa villages in which they have hitherto enjoyed free rights of tapping, and in all zamindari villages except those in which, in the opinion of the Deputy Commissioner, there is a sufficient demand for *tari* on the part of other classes to justify the opening of a *tari* shop. At the same time, as they understand that there is a considerable amount of drunkenness among this class, the Committee would recommend that restrictions should be gradually introduced, and for this purpose would suggest to the Deputy Commissioner the adoption of the system of licenses for home consumption. As regards the matter of the revision of the *wajib-ul-arz* of the other ten villages, it seems to the Committee that the present arrangement has its advantages inasmuch as it avoids any difficulties between the licensees of the right of tapping and the *malguzars*. It gives the latter a larger share than they are entitled to of the total realizations, but, in consideration of the smallness of the interests involved and of the comparatively backward state of the district, the Committee do not consider it desirable that this should be interfered with at present.

376. The practice of making a home-brewed beer from rice or millet appears to be common in all eastern countries, more particularly in China and Japan, and prevails in a greater or less degree practically everywhere in India except where *tari* is the common drink of the lower classes. Thus beers of this class are found under the name of *sur* or *lugri* in the Punjab, *boza* in the United Provinces, *chang* or *arak* in Kashmir, *pachwai* or *hundi* in Bengal and Assam, *souda* and *pandiam* in the Agency tracts of Madras, *akkibhoja* in Mysore and *kaung*, *seinye*, *hlarwa* and *seye* in Burma. Only used in the C.P. in Sambalpur. The only record the Committee have found of the use of any in the Central Provinces or Berar is in the district of Sambalpur, which once formed part of Bengal, and the Feudatory States adjoining it. The beer is there known officially as *pachwai*, but commonly as *kusna* or *harua*, and appears to resemble the *hundi* of Bengal, which, it may be noted, is the distinctive name for the home-brewed beer as distinguished from *pachwai* which is sold in shops. This liquor is placed under no control at present, and consequently the Committee's information in regard to it is somewhat meagre.

377. The methods of manufacture of rice beers in Bengal are fully described in a note by Mr. Beames which is attached to the report of the Bengal Excise Commission, and the Sambalpur method appears to be almost exactly the same. The following description of it is taken from a note drawn up for the Committee by the Excise Inspector. "*Pachwai* is a liquor made from fermented rice, and at times (but very seldom) from a millet called *kodo*. It is called *kusna* in this district. *Kusna* is made by only one process in this district. *Arva* rice is half-boiled and spread on a mat to cool. When cool it is mixed with a preparation called *ranu* and sprinkled with cold water. An earthen jar with a narrow mouth is heated and allowed to cool. The mixture is put in the jar and allowed to ferment from three to six days according to the weather, the mouth of the jar being tied up with green leaves. The fermented mass is diluted with cold water to the proportion of three *tambis* to one *tambi* of dry rice, a *tambi* being a seer and a quarter. The rice is taken out with the hand and thrown away and the liquid drunk as liquor. If the rice goes bad in fermentation it is thrown away, no effort being made to remedy the defect. If the *kusna* turns out very sour a little salt and chillies are added.

"The ingredient called *ranu* is compounded of a number of roots as noted in the margin.* The most common in use are *kuraijar* (both varieties), *chuliachar* and *panjar*. No spices are made use of. The said roots are pounded with a sprinkling of water and their juice extracted. Flour of *arva* rice is mixed with it and made into a paste and rolled

* *Manjarchuli*, *Charpandoo*, *Bhargi*, *Baichandi*, *Karia*, *Sperjar*, *Sperja* and *Joti*, *Kuraijar* (two varieties), *Kerangajar*, *Nagesarjar*, *Jhinajar*, *Chuliachar*, *Panjar*.

up into balls. The balls are put on straw in a closed room for two days and two nights, and, on their beginning to smell like bile, they are dried in the sun. They can be kept for a year or more without losing their efficacy, the older the better. The balls are about the size of an ordinary betel nut, about half a tola in weight. Eight balls of *ranu* are used to a *tambi* of dry rice."

378. The most remarkable feature about the preparation of these beers is the manufacture and use of the fermenting or malting agent, which, like the beers themselves, is common to all eastern countries. The extraordinary action of a similar agent known in Madras as *sondi mandu*, or the liquor drug, is discussed in a report, dated 17th June 1873, to the Board of Revenue, Madras, from Mr. Broughton, the Government Quinologist, who found by experiment that its use in fermentation resulted in the production of a liquor as strong as ordinary country spirit, but was quite unable to explain its action. In 1882 the same thing was noticed in the Central Provinces, and in 1884 the Bengal Excise Commission discussed the action of a similar agent known as *bakar* or *muli*, but came to no further conclusion than that of Mr. Broughton as to its nature and properties, though they confirmed a former decision that it was not noxious. The Committee can find no trace of any later discussion of the matter, nor has the Reporter on Economic Products been able to explain the action of this agent. Mr. Mitchell's experiments show, however, that its action is that of a malting rather than a fermenting agent.

379. As to the alcoholic strength of the liquor produced by this process there is not very much information available. Mr. Broughton's experiment in 1873 showed that the simple fermentation of 40 grammes of dried malt made from the grain used in Madras (*Panicum frumentaceum*) with two ounces of fermenting *tari* yielded 3.75 grammes of absolute alcohol, while the same mixture with 4 grammes of the liquor drug added yielded 5.48 grammes. With the alcohol thus produced a liquor of any strength required can be made by dilution. Some samples tested on behalf of the Committee by the Curator of the Indian Museum, whose report on them will be found in the Appendices, showed 11.00 per cent and 8.77 per cent of proof spirit, respectively, or rather less than the strength of Bass's Pale Ale. It has to be observed, however, that the Committee were unable to secure any samples of the liquor actually in consumption, and the samples made for analysis may or may not have been truly representative of the strength of the liquor that is ordinarily drunk.

380. The reports certainly seem to indicate that these liquors are not always so weak as those analysed. A report from the Special Assistant Agent at Jeypore in March 1873 declares the intoxicating effects of the liquor called *pandiam*, which is a beer brewed from grain with the assistance of the liquor drug, to be "immediate and of long duration," and his account is confirmed by a report of the Deputy Commissioner, Sambalpur, in 1882, which gives the following account of the results of consumption of the rice beer consumed in that district: "Intoxication accompanied by heavy stupor overpowers the drinker in a couple of hours, and, as it takes more rice beer than spirits to create intoxication, I am told that drinkers drink to repletion. The result is that a man who gets drunk off the beer lies so for 24 hours and more. A police constable, a Kol, lay insensible in the Police hospital for 48 hours before recovering." The Bengal Excise Commission found that *pachwai* shops were responsible for a good deal of the drunkenness attributed to out-stills, and one of the results of an experiment tried in Assam in the substitution of rum for country liquor is described as the "wholesale demoralization of the labour force on tea gardens by excessive drinking of rice beer."*

381. Rice beers have not uncommonly been charged with other deleterious effects. A number of these charges arose from a misconception of the use of the malting agent, which was regarded as a noxious drug, and have been set at rest by the finding of the Bengal Excise Commission. The statement of the Deputy Commissioner, Sambalpur, that "the beer being so wishy-washy, requires to be drunk in large quantities

* Collection of papers relating to Excise administration in Assam, 1914, page 5.

before a feeling of satisfaction is arrived at; the stomach gets distended to that extent that during the non-digestion of the beer nothing can be eaten, and this produces ill-effects from which a person does not speedily recover,"* describes an effect which must be attributed rather to the excessive consumption than to anything in the beer itself, nor can the beer be held to blame for the effects of the *dhatūra*, *ganja*, *jawari* root, and other noxious drugs whose admixture with it is commonly alleged. On the other hand, some of these may possibly account for the extreme intoxication that it is stated to have produced. There remains one allegation which requires more serious consideration. Recent medical investigations suggest that the cause of that mysterious and deadly form of peripheral neuritis known as *beri-beri* is to be found in a toxin produced during the proliferations of the yeast plant in fermenting rice. Thus, in a discussion on the subject in the Section of Tropical Diseases of the British Medical Association in July 1902† Captain E. R. Rost, I. M. S., stated that he had produced an exactly similar disease in fowls by feeding them on fermenting rice obtained from the rice liquor shops in Rangoon and by interperitoneal injection of rice water liquor, and cited figures to show that the disease was far more common among the classes that consumed this liquor than among others. It has to be admitted, on the other hand, that his conclusions were not entirely accepted, that the methods of manufacture of rice liquor in Burmah are different to those employed in the Central Provinces, and that there is no prevalence of *beri-beri* at Sambalpur at present. But Captain Rost's experiments show the possibility of its being responsible for results as disastrous as the arsenical beer which recently caused such a scare in England, which, if its manufacture is allowed to go on uncontrolled among an ignorant and aboriginal population which is not accustomed to frequenting the hospitals, might escape notice for years together.

382. As regards the extent of consumption of this liquor, the Committee's information is even less adequate than it is with reference to other matters connected with it. In 1877 Captain Brooke, as Deputy Commissioner, wrote "in the khalsa and zamindari tracts of this district we have a considerable population of Kols, *i.e.*, Urans and Mundas, Kerres and Kisans and Kharias. According to the last census their number was 23,591, and since has been steadily on the increase. None of these classes contribute anything to the Abkari revenue, although most of them are more or less drunk every day of their lives. They do not use distilled liquor, but confine themselves to *kusna* or *hundi*, which, as you know, is rice beer. This beer is made as required for consumption, not only in every village where any of the classes I have named live, but almost in every house, and up to the present has successfully managed to evade taxation."‡ The only subsequent references the Committee can find to the matter are a statement in 1882 that the consumption was on the increase, and an estimate in 1899 of the quantity consumed on occasions of ceremony which was to the effect that from 30 to 300 people would be assembled, each of whom would drink three-fourths of a seer a day. This estimate, however, is a good deal at variance with that of Mr. Beames, who put down four seers a day as a fair allowance, and that of the present Excise Inspector, who puts it at two quart bottles. The latter officer states that the rice beer is at present consumed by Kols, Mundas, Gonds, Gandas, Ghasias and Uria Chamars, and estimates that it is used by all Kols and Mundas, half the Gonds and one-tenth of the Gandas, Ghasias and Uria Chamars in the district. This very rough estimate gives, on the census figures, a total population of consuming classes of a little over 57,000 persons whose consumption the Excise Inspector puts at 10,000 gallons per annum. This latter estimate, which would give about one bottle per head per year, is hardly consistent with Captain Brooke's statement that the whole of the consuming classes were drunk every day of their lives, more particularly when it is remembered that the liquor is drunk by women as well as men, and it seems to the Committee that the matter is one which requires fuller investigation.

* Letter No. 2285, dated 18th May 1882.

† British Medical Journal, dated 20th September 1902, page 834.

‡ Letter No. 12, dated 15th January 1877.

383. It has already been stated that *pachwai* is at present subjected to no control, but its final exemption from taxation was only recently granted. Its taxation was first proposed as long ago as 1877, when the Deputy Commissioner gave the description of its effects above quoted. It was pointed out to him then that the law required the taxation at any rate of its sale, and four licenses for sale were issued by him accordingly. In 1882 the consumption was reported to be increasing and interfering with the realization of the country liquor revenue, and the Deputy Commissioner proposed, as part of a scheme for splitting up the out-still circles, to add the right of manufacturing *pachwai* to that of distilling out-still liquor. This proposal was approved, subject to the exemption from taxation of the manufacture of quantities not exceeding four seers for home consumption and not for sale, and these arrangements continued in force for the next nineteen years. Shortly after their introduction the Deputy Commissioner reported that a difficulty had arisen, just as it did in Bengal, from the fact that caste rules forbade the consumption, by the women in particular, of *kusna* that was not made by one of the caste, and that such manufacture in quantities in excess of four seers involved an infringement of the Kallar's monopoly. He reported having arrived at a settlement of the difficulty at the time, but his report gives no particulars of the settlement made. From a report of 1899, however, it appears that, whether under the arrangement made by him or in pursuance of one made among themselves, the Kallars had established a practice of levying a fee of from one anna to three pies per seer of rice put under fermentation for manufacture and private consumption in excess of four seers at a time and of granting passes for possession of the *pachwai* so manufactured. The Deputy Commissioner reported this practice as irregular, and, after considerable discussion between the Deputy Commissioner, the Commissioner and the Excise Commissioner, the latter submitted rules to the Chief Commissioner which aimed at legalising the practice of grant of passes on applications countersigned by the liquor contractor, subject to the payment of such fee as the Deputy Commissioner should fix.

384. The Chief Commissioner, however, took another view of the question, and issued on the 21st October 1901 a notification exempting *pachwai* from the provisions of the Act relating to manufacture and possession altogether.

385. The revenue derivable from taxation of this intoxicant is as difficult to estimate as the consumption. The only estimate available at all is one of the profits derived by the country liquor dealers from the system of licensing private manufacture above referred to which was put at Rs. 500. To this has to be added the profit on the sales at such shops as were maintained and that derived from the increased sales of country liquor resulting from the restrictions placed on the manufacture of *pachwai*. It is impossible to form any estimate of these from the results of the sale of country liquor shops owing to the fact that the period at which the restriction was removed was one of violent fluctuations in the revenue resulting from the state of the seasons. The realizations of the adjacent districts of Bengal, however, give some idea of the revenue derivable. That realized in 1902-03 from *pachwai* in Singhbhum, which seems to be the most adjacent and similar district, was Rs. 6,412. At the same rate of incidence per head the population of Sambalpur would yield a total revenue of Rs. 8,670.

386. That the system of taxation which was abolished was an undesirable one inasmuch as it tended to force the consumption of country spirit at the expense of a less harmful intoxicant, there can be little question. Before considering whether any better system is feasible or whether it is preferable to leave this intoxicant entirely untaxed, it is desirable to glance briefly at the systems in force in other Provinces. An examination of them shows variations in revenue from this source as large as in that derived from *tari*. Thus Burma realizes nearly eleven lakhs from rice beers and Bengal nearly six, and no other Province more than a few hundreds. The systems of taxation adopted are all practically identical and involve the licensing of fixed shops for manufacture and sale, worked on principles similar to those that govern the working of out-stills, at places where there is a demand for them, licenses for home-brewing to certain of the backward tribes on payment of nominal fees and the exemption of others

altogether. The United Provinces system is exceptional, and includes rice beers in the *tari* contracts, and in Madras the inhabitants of the Agency tracts are exempted from restrictions both on the brewing and the distilling of the beer.

387. The question whether the Bengal system should be introduced is one rather for the local officers than for the Committee to report on, and since, as will be seen from the proceedings of the meeting held at Raipur, they are at present opposed to it, the Committee will not press for a removal of the exemption so recently granted.

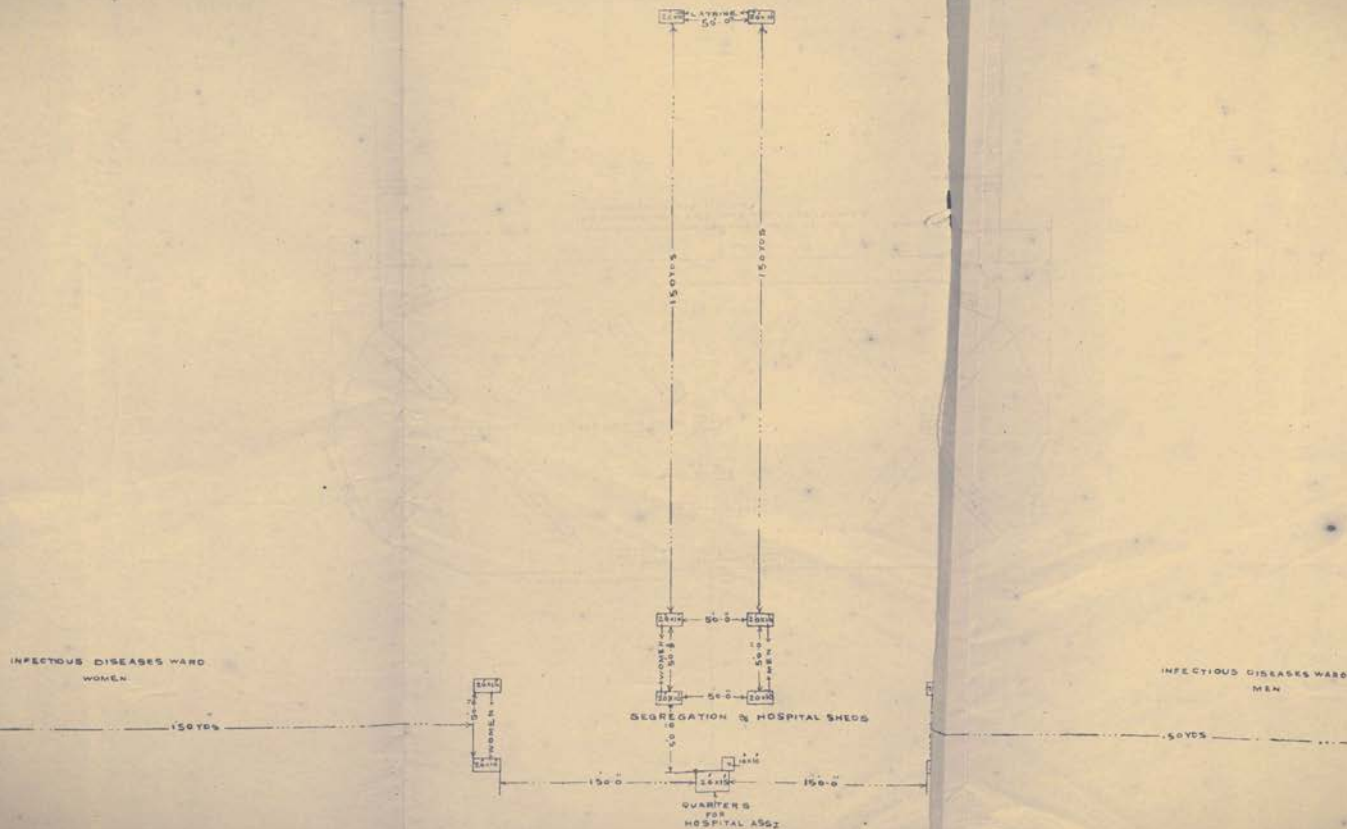
388. They would, however, remark that, from an Excise as opposed to a political point of view, some control appears distinctly desirable. Not only is sale reported to be still continued in spite of the fact that no licenses are granted, but the presence of fermented liquor in almost every house in some villages gives opportunities for illicit distillation which will render any increase in the price of spirit almost impossible, and the fact that such distillation is a common concomitant of the manufacture of rice beer and is now freely practised in the Madras territory adjacent to Sambalpur renders it extremely likely that it goes on in the latter district already. They would further observe that the manufacture of this beer involves the waste of much good food material, and seems likely to lead to considerable drunkenness, and the extent of its consumption and its effect on health are very imperfectly ascertained.

389. Whether therefore it is brought under control or not, a further investigation of these points seems to be required. If it is brought under control it is desirable, in the event of the possible restoration of Sambalpur to Bengal, that the system introduced should conform as far as possible to those in force in the adjacent Bengal districts.

390. Another liquor which requires similar treatment, is that known as *sugda*, which is a beer made from *mahua*. The adoption of the manufacture of this liquor appears from a letter of the Deputy Commissioner, Sambalpur, Mr. Chitnavis, to be a direct result of the increased taxation on *mahua* spirit. The process is described by the Excise Inspector as follows :—"To manufacture one gallon of *sugda* four seers of *mahua* are boiled with twelve seers of water for about six hours and thence the water so boiled is separated from the *mahua*. The refuse is eaten by them and the water is mixed with about three *chattacks* (ounces) of *jawar* (*sorghum*) roots and two *chattacks* of *keoda* (*Pandanus odoratissimus*) roots and twelve *ranu* balls about nine tolas in weight, and allowed to ferment for a period of four or five days in hot weather and six or seven days in winter. After this operation is over the water is filtered in a cloth and consequently the *sugda* is ready for use." Analysis shows the percentage of proof spirit in it to be 13·54 per cent, so that it is considerably stronger than *kusna*. It also seems likely to be more deleterious since the *jawari* root is a regular ingredient in its manufacture, and this has several times been reported to have very intoxicating properties, *vide*, for instance, paragraph 420 of the Report of the Hemp Drugs Commission. This liquor is consumed only by the Kols and Mundas. It is possible, however, that it is not the only liquor of the kind that is made, since several others are mentioned as being in use in adjacent Feudatory States. It is subject to no control or taxation at present and can only be made liable to it by a special order of the Local Government confirmed by the Governor-General in Council under section 3 (i) (h) of Act XII of 1896.

IN A FAMINE POOR-HOUSE FOR 500 PEOPLE

SCALE 64 = 1



(Signed)

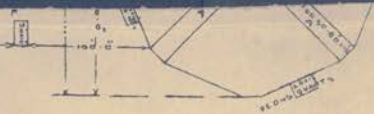
W. H. NICHOLLS,

Connell, J. Architect,

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137



CHAPTER X.

Hemp Drugs.

391. The question of the control of and administration of the revenue derived from hemp drugs is one that has received more attention of late years than perhaps any other branch of the Excise administration, owing to the thorough examination of the past and existing arrangements made prior to the advent of the Hemp Drugs Commission, the investigation of the arrangements made by the Commission themselves and the prolonged correspondence that has continued almost ever since, in reference to their recommendations. Unfortunately the attention it has received has not prevented this branch of the administration from being in a critical state at the present time, and it is therefore necessary again to subject the arrangements to a thorough examination.

392. It will perhaps save references to repeat the Commission's conclusions as nearly as possible in their own words. Writing of the history of the administration previous to their enquiry they said :—“ The present system of *ganja* administration in the Central Provinces has been in force since 1882-83, previous to which there were several changes, which may be briefly recapitulated. In 1871-72, the first year during which Act X of 1871 was in force, the monopoly of vend of drugs (which included *madak*) was put up to auction for each district as a whole or for smaller areas and knocked down to the highest bidder. The contractors were free to make their own arrangements for obtaining the drug from cultivators, and cultivation was free. In 1873-74 the Local Administration had to consider complaints by the retail contractors to the effect that the extensive cultivation of *ganja* for home consumption by private individuals seriously interfered with their profits and prevented them from paying to Government as high a revenue as they otherwise might. Meanwhile the Government of India had issued instructions to all Local Governments to discourage the consumption of *ganja* and *bhang* as far as possible by placing restrictions on their cultivation, preparation and retail, and imposing on their use as high a rate of duty as could be levied without inducing illicit practices. Accordingly, in April 1875, rules were introduced prohibiting cultivation except under license, for which the levy of an acreage fee was authorized, and embodying other provisions for inspection of stocks and licenses to cover the possession of the produce until its purchase by the licensed vendor. The acreage fee was fixed soon afterwards at Re.1, and in 1876-77 a special penal fee of Rs. 10 per acre on unlicensed cultivation was introduced. These acreage fees were, however, pronounced illegal by the Judicial Commissioner in 1878, and new rules were framed providing for the storage of all *ganja* in Government godowns or in authorized private storehouses, and for levy of duty on the drug when removed. The duty was fixed at Re.1 per seer. Difficulties were experienced in working these rules, the cultivators not being able to dispose of their produce to the licensed vendors. The wholesale vendors held aloof, feeling uncertain of the effect which the enhanced duty might have on consumption, and the retail vendors would not purchase direct from the cultivators. The Local Administration accordingly purchased nearly the whole crop, amounting to some 6,856 maunds, at a cost of nearly Rs. 50,000. The Government of India, however, objected to the creation of a Government monopoly of *ganja*; so in 1880-81 the monopoly of wholesale vend for the Province was granted to a single individual, who agreed to pay a duty of Rs. 2 per seer on all *ganja* sold by him to retail vendors, and to supply them with the drug at Rs. 3 per seer. It was contemplated in the agreement that the price might be raised by increments of 4 annas to Rs. 4 per seer, and the duty by increments of 3 annas to Rs. 2-12-0 per seer within the year 1880-81. At the same time the system of auctioning the monopoly of retail vend by circles was done away with, and monthly licenses were issued at fixed rates, varying according to the size of the

town or village, and without limit as to the number of licenses existing in one place. This system, however, was abandoned in the following year, and the auction system was again, for the most part, introduced. This was the origin of the system of monopoly of wholesale which exists to the present time in the Central Provinces. Since 1882-83, by which time Act XXII of 1881 had become law, the wholesale monopolist has been called upon to pay a certain amount per seer in addition to the direct duty of Rs. 2 per seer, the rate varying in different districts and being generally determined by tender. Such tender is limited, by the necessity of supplying retail vendors at Rs. 3 per seer, to an amount per seer less than Re. 1. The object of this measure was to fix the difference between the duty on the drug, Rs. 2 per seer, and the price at which it was sold to retail vendors, Rs. 3, at a figure considerably in excess of the cost price of the drug, and to put up the gross profits thereby secured to the wholesale vendor to auction in the form of tender. It was thought that this would practically raise the direct duty in the districts where the cost price of the drug was the least, and so equalize prices throughout the Province. Cultivation in British territories has been concentrated, and since 1891 it has only been allowed in the Khandwa tahsil of the Nimar district."

393. The leading features of the system found in existence by the Commission thus were:—the concentration and licensing of cultivation, the storage of all *ganja* manufactured in a central godown, and, as regards local consumption, the levy of a direct tax of Rs. 2 per seer generally and Re. 1 a seer in Sambalpur and parts of Raipur which were exposed to smuggling from Bengal and the Bastar State, coupled with the peculiar system of wholesale vend above described and auction of the monopoly of retail vend. Import was prohibited and exports were considerable, being free of any duty, but charged registration and permit fees at one rupee each per maund, the latter being only applicable to importers from places not under Act XII of 1896. A storage fee of 6 pies per maund was also charged, but local vendors were exempted from it for the first month. Illicit imports were not uncommon. The privilege of vend of foreign *bhang* was restricted to wholesale vendors, and this was also taxed at Rs. 2 per seer, and no local *bhang* was sold. The Commission summarized the situation by saying, "The basis of good administration has been laid, but progress has not been secured, and to this result it is essential that attention should now be directed."

394. The Commission's recommendations to this end involved four major changes and a number of points of detail as follows:—

- (1) The rates of taxation were declared to be too low, and it was urged that they should be raised till they approximated to the Bengal standard.
- (2) It was urged that all exported *ganja* should be adequately taxed.
- (3) The duty on foreign *bhang* was declared to be excessive.
- (4) The wholesale vend system was condemned, and it was recommended that it should be altered in favour of a system of free competition.
- (5) The sale of licenses for different hemp drugs separately, the prohibition of the holding of retail vend licenses by wholesale vendors, the separate sale of all retail licenses, the prohibition of grant of licenses to females, and the prohibition of the sale of hemp drugs to children or insane persons were considered or suggested.

The Commission also remarked on the large proportion of shops maintained as compared with area and population.

395. It is proposed to consider the action taken since 1893-94, the date of the Commission, under each of these heads. The duty on issues for local consumption was raised to Rs. 3 and Rs. 2 with effect from 12th April 1896. A further increase was deprecated by the Local Government on the grounds that the *ganja* produced in the Central Provinces was greatly inferior in quality to that grown in Bengal; that smuggling facilities were greater there; that the people were poorer; and that the consumption of the drug had been restricted by the recent distress. The Government of India, however, pointed out that the receipts from duty were still less than half the total receipts, and desired a further increase to be made at a convenient opportunity.

This was done after considerable further correspondence with effect from the 1st April 1901, from which date the duty has stood at Rs. 4. The opportunity was taken at the same time to make it uniform for the whole Province, action having been taken in the meanwhile to check smuggling into Sambalpur and Raipur. No further increase has since been considered or suggested.

396. The question of the taxation of exports was also under discussion for some years. The Local Administration saw objections to taking such action in the fact that the imposition of the duty would stop exports and deprive the Khandwa cultivators of a market; that the peculiar wholesale vend arrangements of the Central Provinces tended to put the *ganja* producers under the control of a limited number of monopolists in regard to the *ganja* consumed within the Province, and that, therefore, it was desirable they should have a free market outside it; and that, if any action was to be taken in respect of the levy of a duty on issues to Native States, it should be taken by the Native States themselves under the orders of the Supreme Government. To this the Government of India replied that their whole policy had been to restrict the production and consumption of hemp drugs directly in British India and indirectly (by means of export duties) in Native States, and that they could not depart from that policy to foster the *ganja* industry of the Central Provinces, that the wholesale vend system was itself objectionable, and that its disadvantages could not be made a reason for departing from the policy above indicated, and that the Hemp Drugs administration of British India must be recast before the Native States could be asked to recast theirs. Accordingly an export duty was imposed at the rate of Rs. 4 a seer with effect from the 23rd August 1900, or somewhat in advance of the increase of the duty on issues for local consumption to that rate. There have been no exports since that date, and none, except to Berar, since 1899-00. The foreign market has thus been entirely lost, and cultivation has since been so restricted that the Excise Commissioner has been compelled to purchase *ganja* for local consumption from Bombay.

397. The duty on foreign *bhang* was reduced to Re. 1 with effect from 1st April 1896, and has remained at that rate ever since.

398. The Commission's objections to the Central Provinces system of wholesale vend were that, by interfering with the natural operation of the laws of supply and demand, it obscures the real facts, thereby rendering it more difficult to raise the direct duty, it tends to keep the retail price unduly low in some districts, and it may possibly keep down the profits of the cultivator. The Administration's answer was that the comparative smallness of the trade to be done and the lack of capital, intelligence and enterprise among the class from whom the wholesale vendors were drawn put a system of free competition for wholesale supply out of the question. The Government of India raised the further objection that the limited number of the provincial wholesale vendors rendered it easy for them to establish a monopoly which enabled them to control the supply and price charged to outside dealers, and thus pay an enhanced price for their licenses to the Central Provinces Administration at the expense of the revenues of other Provinces. This objection also was answered, and the Government of India, without entirely accepting the arguments put forward, sanctioned the continuance of the system in 1899 chiefly on the ground that successive Chief Commissioners had considered its continuance essential.

399. The system of retail sale of *bhang* hangs with the system of wholesale vend of *ganja*. That being maintained unchanged, the wholesale vendors' monopoly of the retail sale of *bhang* was continued with it. Points of detail. Proposals were made in 1895 for an extension of the number of *bhang* shops, but it was found on enquiry that they were not needed outside district and tahsil head-quarters, and so no alteration in this direction was made. The prohibition of the holding of retail vend licenses by wholesale vendors was considered, but the Excise Commissioner thought it impracticable. The Government of India agreed in 1898 that no rigid prohibition was necessary. The system of separate sale of retail licenses was introduced in deference to the opinion of the Commission in 1896. The prohibition of the grant of *ganja* licenses to females was considered by the Excise Commissioner to be impracticable,

and the matter was left by the Government of India to the discretion of the Local Government, by which no change was made. A condition prohibiting the sale of hemp drugs to children or to insane persons was inserted in the licenses in 1899-00.

400. The number of shops as reported to the Commission for 1892-93 was 1,047, which gave a population of 9,109 persons to a shop, or more than any Province but Sind and Berar. The figures of the following year show a total of 1,383, or 945 permanent and 438 temporary shops. The latter have been steadily decreased till they numbered 275 in 1903-04. The former have been increased by the conversion of temporary shops into permanent ones, and numbered 1,004 in the same year.

401. The only other administrative changes of importance introduced since the Commission reported have been the improvement of the arrangements for storage at Khandwa, which were very defective, and the substitution of Government warehouses at tahsils for the private warehouses in which the wholesale vendors formerly kept their stocks. This was necessitated by the constant thefts and losses which occurred.

402. The effect of these changes on cultivation, consumption and revenue may next be considered. The area cultivated has been very variable. For the first twelve years for which figures are available, *viz.*, 1873-74 to 1884-85, it averaged 1,049 acres. In 1884-85 it rose suddenly to 2,881, and in the following year to 4,170. In 1886-87 it fell again to 931, and has only risen above 1,000 once since, *viz.*, in 1893-94, the year of the Commission. The Commission put the standard of cultivation at 950 acres. The average since their sitting has been 235.

The figures of consumption of the Province are not separated from those of the Feudatories till 1882-83, when the khalsa gave a consumption of 23,984 seers of *ganja*. There was a steady rise from then on till 1893-94, when the consumption stood at 48,615 seers. It then fell to 39,576 seers in 1895-96, the last year of the two-rupee rate of duty. In 1896-97, with the increase of the duty to Rs. 3, the consumption fell to 25,206 seers. It rose again to 29,131 in 1899-1900, but fell to 26,241 in 1900-01, and in the next year, that of the second increase in the rate of duty, showed a further fall to 23,964; it had risen again by 1903-04 to 30,014.

The revenue has varied with the duty and the seasons. For five years prior to the imposition of any duty it averaged Rs. 65,034. For sixteen years under the two-rupee rate it averaged Rs. 2,00,579, the average for the last five years being Rs. 2,64,179. For five years of scarcity under the three-rupee rate the average fell to Rs. 1,79,820. Under the four-rupee rate it has shown a steady increase from 1,79,417 in 1901-02 to Rs. 2,19,157, which is almost exactly the figure of 1886-87, in 1903-04.

403. The Commission examined the figures of consumption by districts, and recorded their conclusions as follows:—

“It will be seen from these figures that the area of heaviest consumption is the group of four districts, Balaghat, Seoni, Jubbulpore, and Mandla; and among these Balaghat uses the drug at double the rate of the other three. Next in order come the districts of the Chhattisgarh division. After these the other districts along the northern frontier, Damoh, Saugor, Narsinghpur and Hoshangabad, with the addition of Chhindwara. Then follow the districts on the western and southern frontiers, Nimar, Betul and Wardha, with Nagpur and Bhandara. And far behind comes the district of Chanda.”*

The table at page 142 of their report on which these remarks were based is brought up to date in Statement XVIII of the appendices, which displays some extraordinary variations. While the districts of Mandla, Balaghat, Jubbulpore and Seoni continue in the first group, as before, those of Nagpur and Wardha are added, an indication possibly that the use of the drug is spreading among the richer wage-earning populations. The districts of the Chhattisgarh division, instead of following next in order, come almost at the very last, Sambalpur showing 55,000 persons to a maund in 1903-04 as against 8,000 in 1892-93—a fact which seems to be accounted for by the substitution by vendors

* Report, para. 377.

of illicit for licit *ganja*. The consumption of Chhindwara, Narsinghpur and Betul has continued the same in spite of the increase in the duty, and that of Saugor and Bhandara has decreased, while that of Nimar and Chanda has shown an increase.

404. In Berar cultivation of the hemp plant was first put under restriction in 1875, when a license fee of Rs. 8, irrespective of area, was imposed. The area under cultivation in 1877-78, the first year for which figures are available, was 85 acres. This rose in 1879-80 to 241, but fell again to 80 in 1884-85. In that year the system was changed, and a fee of Rs. 10 an acre was imposed. This was followed by an increase of cultivation to 106 acres in 1885-86, after which there was a continual decrease down to 11 acres in 1897-98, the last year in which cultivation was allowed. Supply by import was also allowed, passes available for two months being given by Tahsildars. *Ganja* was imported from Khandesh, Nassik, Ahmednagar, Nagpur, Nimar and Sanawad in Indore. Retail vend was conducted by farmers of the opium and hemp drugs privileges at shops which are recorded as numbering 586 in 1891-92. The only *bhang* in use was the refuse of the *ganja*. Various suggestions for the improvement of the arrangements were made prior to the Commission's sitting, including the suppression of cultivation, the levy of an import duty, and the separation of the opium and *ganja* privileges, but none of them had been carried into effect before the Commission sat, and smuggling from Berar was a common cause of complaint on the part of the Administration of the Central Provinces.

405. The Commission's general recommendations, the chief of which were the restriction and control of cultivation, the levy of a direct quantitative duty through means of a system of bonded warehouses, the limitation of the number of shops, the taxation of *bhang* and the grant of separate licenses for sale of different descriptions of drugs, applied to this Province.

406. The main action taken to carry them into effect dates from 1st April 1898, from which date the Berar Hemp Drugs Law of 1897 came into force, but prior to this the opium and *ganja* privileges were separated and separate sale of shops was introduced. The first scheme of complete control attempted was that in force in the Central Provinces. Cultivation was prohibited and import allowed only from the Khandwa store-house and the Central Provinces rate of duty and system of wholesale vend, coupled with a duty of Re. 1 on foreign *bhang*, was adopted. The wholesale vend system was found unsatisfactory, however, and a system of free competition for wholesale supply introduced from 1st April 1899, with most satisfactory results from the point of view of the revenue. A peculiar system of dealing with *bhang* was also introduced, the monopoly in the case of 'foreign' *bhang* being retained in the hands of the wholesale vendors, while the local *bhang*, or refuse *ganja*, was sold by auction to retailers, subject to an upset price of one rupee a seer, half the auction proceeds being credited to the wholesale vendor and half to Government. The rate of duty on *ganja* was raised to Rs. 4 with effect from 1901-02. Meanwhile the number of shops was largely reduced. It first fell continuously from 586 in 1891-92 to 127 in 1897-98, and has since risen to 174 in 1903-04.

407. The consumption up to 1897-98 was of 'uncleaned' *ganja*, which stands to 'cleaned' *ganja* in much the same relation that 'flat' *ganja* does to 'chur' in Bengal, and averaged 29,802 seers a year for fourteen years ending with that date. In 1898-99, the year of the first imposition of duty, the Province consumed 4,758 seers of 'cleaned' *ganja*. This fell to 3,771 seers in 1900-01, a year of great scarcity, but it has since increased, in spite of the increase in duty to Rs. 4 in the year following, to 6,460 seers in 1903-04. The revenue from this source shows a lower incidence and more buoyancy than in the Central Provinces. Up to 1894-95 no separate figures are available, the contracts being merged in the opium contracts. For four years following prior to the imposition of the duty the revenue averaged Rs. 20,728. For three years under the three-rupee rate it averaged Rs. 28,776, and for three years under the four-rupee rate Rs. 44,782.

408. Thus, under existing arrangements, the two Provinces have five points in common in that cultivation is prohibited except in the Khandwa tahsil of the Nimar district, where it is carried on under license, the harvesting supervised, and the crop ultimately stored in a Government warehouse; duty is levied at a uniform rate of Rs. 4 a seer on *ganja* and Re. 1 a seer on foreign *bhang*, and storage fees on *ganja* at 6 pies a maund; distribution is through bonded warehouses; all *ganja* is twice cleaned, once at the storehouse and once at the bonded warehouse; and the privilege of retail vend of *ganja* is auctioned by single shops or groups and that of retail vend of 'foreign' *bhang* is granted to wholesale vendors. The Provinces differ in respect of the arrangements for wholesale vend, which are by free competition in Berar and by a special arrangement already described for the Central Provinces, and in regard to local *bhang* or refuse *ganja*, which is destroyed in the Central Provinces (though some wholesale licenses still allow its sale) and sold by auction to retail vendors in Berar, the wholesale vendor taking half the proceeds.

Special provisions as regards exports are that exporters to Provinces under Act XII of 1896 pay, in addition to the duty, Re. 1 per maund as a registration fee, and that exporters to places not under that Act (Bombay excepted) pay an additional Re. 1 per maund as a permit fee.

409. The first thing that calls for comment in the Central Provinces arrangements is the enormous restriction of cultivation, a matter which has already been touched on in the discussion of the system of wholesale vend and the imposition of the duty on exports. In the old days Khandwa was not only a large cultivating centre but an entrepôt for *ganja* for a large part of Northern India, and Khandwa *ganja* was so well known that *ganja* from Sanawad in Maharaja Holkar's territory was brought into Khandwa for sale under that name. When an artificial check was put on the trade by the imposition of the duty in 1879-80, the whole of these arrangements were disturbed. Instead of being stored in private premises, the *ganja* had to be brought into a Government store. In 1885-86, 18,972 maunds were presented for storage as against a local consumption of a little over 1,000 maunds. This led to an attempt to make exporters pay for their conveniences by means of storage and registration and permit fees. The imposition of these fees naturally led, as indeed they were partly intended to do, to the exporters looking for other sources of supply as well as to the authorities at the places of import seeking other means of securing their revenue which had been diminished by the increased cost of the *ganja*, so much so that it was found necessary in 1891 to exempt exports to Bombay from the registration fees in order to prevent the exporters ceasing to take their supplies from Khandwa altogether. In 1892-93 export was further checked by the enactment of a rule requiring cultivators themselves to bring their produce to the storehouse instead of exporters, wholesale vendors or their agents who had before that purchased the crop as it stood in the fields and subjected it to a preliminary cleaning before taking it to store. Under this arrangement it was found that cultivators not only did not clean their *ganja* before storage, but that some even adulterated their crop, so that the outturn of clean *ganja* per maund fell by nearly 50 per cent, and the permit and registration fees became in consequence a heavy charge, and made the *ganja* dearer than that available elsewhere. The railway freight was also largely increased in 1893. Meanwhile the restriction on cultivation had produced a ring of middlemen controlling cultivators who had so far interfered with their operations that Mr. Robertson as Deputy Commissioner of Nimar predicted a shortage of supply as long ago as 1894. At the same time the arrangements for storage were such as to involve the trade in many difficulties. Not only were hundreds of bales left out in the compound where they were exposed to all sorts of damage, but the arrangements of those in the storehouse were such that Mr. Mayne, the Excise Commissioner, in a long note recorded in 1895, described them as in a state of chaos, and stated that the damage had been so extensive that many bales had lost 50 per cent of their contents, and the whole floor was strewn with *ganja* several inches deep. The reason of this was that the bales were so stacked that it was practically impossible to find any particular one that was required, and the buyer and seller frequently had to go away without doing business after wasting much time and considerable sums of money in payment of coolies for

Existing arrangements.

Some comments on the system. The restriction of cultivation.

searching for bales which could not be found. It is not to be wondered at in these circumstances that cultivation fell from 1,676 acres in 1893-94 to 431 in 1894-95, and that exporters from outside the Province ceased to frequent the storehouse, while the Excise Commissioner for 1896-97 recorded that "after several years of over-production the cultivators are so discouraged that they have taken out fewer licenses than ever in the current year and a poor harvest will perhaps necessitate the Central Provinces wholesale vendors supplementing their supplies from other Provinces."* A further check on their operations was imposed in the same year by the requirement that all *ganja* exported should be cleaned before export. This was removed at the time, on representation being made, but has since been reimposed with the imposition of the duty. A series of bad seasons doubtless added to the discouragement, while the growth of the cotton industry afforded a paying alternative crop. By 1897 stocks had fallen so short that exports had to be prohibited for a time. The same thing happened in 1898, when one of the wholesale contractors applied for permission to import on the ground that he could get no local supply, and in 1900 only a small quantity of *ganja* that was declared unfit for local consumption was allowed to be exported. In the same year the export duty was imposed with the added requirement that the 'flat' *ganja* which the Native States required must be converted into 'chur' before issue, for the purpose of the levy of duty. There have been no exports since, and the cultivators of Sanawad and Gwalior, who have been favoured by the construction of the Indian Midland Railway, have taken the market which the Khandwa cultivators have lost. The fact is regrettable from the point of view of local supply, but, after examining the records connected with the matter, the Committee are inclined to think that neither the system of wholesale vend nor the imposition of the export duty can be held to be wholly responsible for it.

410. The next matter that calls for comment is in regard to control of cultivation and manufacture. Comparatively speaking, cultivation is still very much scattered in the Central Provinces. At the time the Commission wrote it was carried on in 60 or 70 villages and the areas cultivated averaged two acres to a license. Even now that the total area has been so enormously reduced, cultivation is still licensed in twenty-five villages scattered over twenty *patwari* circles instead of being concentrated, as was recommended by the Commission and as has been done in a measure in Bengal and Madras. The process of cultivation is supervised only by *patwaris*, and there is no check-measurement of fields as in Bengal. For that of manufacture a temporary staff of four supervisors on Rs. 20 a month and twenty peons on Rs. 6 is employed. These arrangements date from 1887. The Committee are inclined to doubt whether such a staff can, at any time, have been of much value. They certainly think that at the present day the investing of a temporary man engaged for a period of six weeks on a pay of Rs. 6 a month with power to supervise the cultivators of a whole village is liable to be productive of more harm than good.

411. Manufacture once completed, the cultivator keeps the *ganja*, under no control of any sort, on his own premises for a month or more, and there is little to prevent him passing a large proportion of it into consumption, nor do any steps appear to be taken to check the produce ultimately stored by the acreage whose cultivation it represents. An examination of the figures in this connection suggests extensive loss. The figures of the last eight years show variations in outturn between villages from $1\frac{1}{2}$ to $39\frac{1}{2}$ maunds per acre. The least variation in a single year is from 8 to 22 maunds. Transport to store is similarly under no rigid control, and, in fact, there is practically no check on frauds by the cultivator or thefts from him up to the date of storage, nor is the produce weighed at all until it enters the store.

412. The third matter which calls for comment is in respect of what is locally known as 'cleaning,' which is, in other words, a conversion of 'flat' *ganja* into 'chur.' This process has been conducted at different times at tahsils and at the central storehouse. The

* Central Provinces Excise Report for 1896-97, para. 78.

main 'cleaning' is now conducted at the storehouse under the supervision of a moharrir on Rs. 30 a month, but the Tahsildar attends to weigh the bales of 'flat' *ganja* given out for cleaning and the hampers of 'chur' *ganja* produced. He was also ordered in 1893 to weigh the refuse, but this practice is no longer in force, and the present rules only require the destruction of the refuse outside the storehouse in the presence of a head constable. No proportion of produce expected is laid down, nor is there any authority required for writing off the refuse or the dryage that occurs in the storehouse, though the quantities written off under these heads amount to more than a quarter of the whole crop. The danger of such a procedure will be seen from the fact that in 1893 no less than 15 bales of *ganja* were so written off, and that the moharrir and the exporter were subsequently detected 'cleaning' them in the compound. It was this circumstance that resulted in the order for weighment of the refuse which has since lapsed. These facts alone, without the addition of the trouble which the process involves, would seem in a great measure to justify the proposal made by Mr Neill, as Commissioner of the Jubbulpore Division, in 1886 that duty should be levied at Khandwa on the 'flat' *ganja* as produced by the cultivators.

413. The actual arrangements for storage and issues at Khandwa have been greatly improved since Mr. Mayne wrote in 1895, and the reduction of the quantity stored has made identification of the bales much easier than before, while the adoption of a system of sample boxes has done away with the necessity for constantly opening them. The only comments the Committee have to make in this matter are that the addition of a plan showing the exact location of each bale would further facilitate identification, and that, in the event of more space being again required, it would be advisable to construct racks, for which the shed offers ample accommodation, instead of simply placing the bales one on the top of the other. As regards issues, it appears to them to be unsafe to entrust the control of a godown, the duty value of whose contents is three or four lakhs of rupees, to a subordinate on Rs. 30 a month. Nor are the scales satisfactory. The duty value of *ganja* is one-eighth of its weight, and a beam scale that requires a brick tied to one end of the beam to bring it to equilibrium is not sufficiently accurate for the weighment of so valuable an article. Under these conditions the provisions regarding inspection and stock-taking and the writing off of wastages seem to be insufficient.

414. Another matter that has given rise to much correspondence is the attempt to eliminate the middlemen. It has been frequently pointed out that a class of middlemen have sprung up in Khandwa who transact all business as between cultivators and wholesale vendors, and these men have been held responsible on more than one occasion for the formation of rings which have had very serious effects on prices. On the other hand, Mr. Mayne has pointed out in his note above quoted that the interference of men of this class is inevitable, since it is impossible for the cultivator to remain for weeks or months together at Khandwa to sell his *ganja*, and that he must therefore have an agent to conduct his business with the wholesale vendors for him. Mr. Danks in 1901 went further, and declared the abolition of the middlemen to be one of the chief causes of the restriction of cultivation, since the cultivators could not afford to cultivate except for ready money. While fully admitting the justice of these arguments, the Committee cannot but conclude from the correspondence that the introduction of the middlemen into the business is a defect in the system which it is desirable to remove, if possible, and which is liable to give rise to trouble, as it has already been found to do under similar conditions in Madras.

415. A further comment that occurs to the Committee is in respect of the miscellaneous fees charged at the storehouse. It is always undesirable, particularly in this country, to add to regular taxation a variety of small fees, and this is especially the case when the rules relating to them are of such a nature as not to be clearly understood. The fees now levied at the storehouse are, first, a storage fee of 6 pies per maund on all *ganja* stored, with an exception in favour of issues for local consumption made within the first month after storage, second, a registration fee of Re. 1 per maund on all issues to places outside the Province, with an exception in favour of issues to Bombay, and, third, a permit fee on all issues to persons

who are not licensed under Act XII of 1896 with an exception in favour of the Feudatory Chiefs of the Central Provinces, who are supplied through the khalsa wholesale vendors. The average revenue for the past five years derived from them all is a little more than Rs. 1,300. It will be apparent from this that the arrangements under which the fees are levied are by no means easily comprehensible to the persons who pay them, and that the revenue derived is inconsiderable. It may be added that there was considerable confusion regarding them, a few years ago at any rate, on the part of the officials who levied them. In addition, an examination of the past correspondence seems to show that the fees have served their purpose. The storage fees were imposed at a time when more *ganja* was brought to the store than it would hold in order to cover the cost of hiring other premises. This necessity has long since ceased to exist. The permit and registration fees were imposed, partly to check excessive storage, and, partly, to secure a little revenue from exports, and one at any rate of the arguments favouring the imposition of fees of this class was that an export duty, if imposed, would be credited, in the case of British Provinces, to the Province of import. Exports have been only too effectually checked and the Excise Commissioner recently recommended the reduction of the permit and registration fees for this reason; and the general imposition of duty and its levy through a system of bonded warehouses has made it practically impossible for this Province to secure any revenue from the issues to other Provinces. The only practical effect of the levy of these fees at present is to slightly enhance the taxation on issues to Berar. It seems therefore to the Committee desirable that all the three classes of fees should be abolished.

416. The defects in weighing machines at the storehouse and tahsili warehouses may be in part responsible for the next item of loss which the accounts exhibit, namely, the losses in transit between them. Their share in it, however, cannot be very large. If it were, there would be excesses as well as losses, and the accounts exhibit none. Another cause to which these deficiencies have been attributed is the practice of watering the *ganja* before issue in order to prevent its breaking up in transit. But a much more common cause, in the opinion of all the Deputy Commissioners who met the Committee, is theft. The system gives great facilities for this. *Ganja* is packed in crates which can easily be cut open. It travels in bond by goods train uninsured, and sometimes long distances by road, and no one is held responsible for loss or damage. Reports of injury to the revenue from losses in transit amounting to from 5 to 11 maunds in different consignments, and in one instance, which the Chief Commissioner found to be an obvious theft, to over 15 maunds (duty value Rs. 2,400) in a single consignment, are to be found throughout the correspondence of the last twenty years, accompanied by a variety of proposals for check of the loss, including various methods of packing in tins and wooden boxes. A system of packing in tin-lined boxes was tried by a Bilaspur contractor in 1903, and found eminently successful in preventing abstraction and loss by damage in transit. The only objections to it were a slight increase in cost and the fact that *ganja* is liable to deteriorate if stored in this way when in a damp state, and the only reason why transport in boxes has not been insisted upon appears to be that the wholesale vendor's contract contains no condition empowering its enforcement.

417. Another evil that arises out of the transport of long sticks loosely packed in bamboo crates is that the *ganja* gets much broken up in transit, and this necessitates a second 'cleaning' at the warehouses. This second 'cleaning' has also been the subject of much correspondence. In 1880 when the system was first instituted it was evidently intended that it should only be allowed in exceptional cases, and a letter of Mr. (now Sir Andrew) Fraser as Excise Commissioner issuing instructions in the matter only provides for a second cleaning in cases where the road is of such a character that the *ganja* suffers exceptionally in transit, or other cases when it is expedient. Under later orders it appears to have been arranged for all 'cleaning' to be done at the tahsili, but the first system was reverted to in 1886, when Mr. Fraser's instructions were again repeated, the proportion of refuse to be removed at the second cleaning being limited to two seers per maund. They do not appear to have been strictly

observed, however, and wholesale vendors seem to have been allowed of late years to make such further removal of twigs and leaves as the retail vendors required. The present rules simply provide that "*ganja* must be well cleaned before issue," the necessity of ensuring a supply of properly cleaned *ganja* to retail vendors being a chief difficulty of existing arrangements, so that wholesale vendors do just as much or as little 'cleaning' at each stage as suits their convenience. The Excise Commissioner before the Hemp Drugs Commission estimated the proportion of the 'flat' *ganja* removed by the first 'cleaning' at 33 and by the second at 22 per cent of the whole. As an instance of the results may be cited the fact that a Tahsildar's syce in Betul was found in 1901 selling considerable quantities of *ganja* taken from the refuse, and complaints of the amount taken up of the time of the Tahsildars, for whose relief the first 'cleaning' was instituted, have been common, *vide*, for instance, para. 16 of the Report of 1902-03. It may be added that the second 'cleaning' gives an opportunity of writing off any losses in store that may occur, there being no regular check of the percentages of loss. In fact, under the arrangements above described, such check is impossible, one district showing, for instance, a loss of 141 seers in one year and 28 seers in another. The whole arrangements are in marked contrast to those in force in Bengal, where no 'cleaning' by removal of sticks and leaves or otherwise is allowed after *ganja* is stored in a licensed warehouse, and where an allowance of $2\frac{1}{2}$ per cent. is given to cover all losses including those on account of *ganja* that is found unfit for use. The Central Provinces under existing conditions would require an allowance of from 20 to 30 per cent for the second cleaning alone.

418. Losses from tahsili storehouses were common so long as storage in private buildings was the rule, and these were so insecure that Mr. Cleveland recorded in 1896 that a man who was indifferent to subsequent detection would have little difficulty in removing any quantity. These private buildings have been replaced, however, and storage in buildings attached to the tahsili is now the rule, except in one or two districts, *e.g.*, Betul and Damoh, in the latter of which arrangements to this end are already in contemplation.

419. An attempt may be made to estimate the net loss, whether in *ganja* itself or in revenue, under these arrangements. Mr. Robertson, the Deputy Commissioner of Nimar, in his "Note on the Cultivation and Preparation of *ganja* in Nimar," submitted to the Hemp Drugs Commission, estimated the average outturn per acre as from 12 to 15 maunds; $13\frac{1}{2}$ maunds per acre may thus be taken as a fair estimate. This *ganja* is reduced to '*chur*' in the *ganja* godown, and would lose, according to the Bengal estimate, which is based on a series of experiments and is applied in practice, one-third of its weight. That is to say that one acre on the average should yield 9 maunds of cleaned *ganja*. During the last five years in all 945 acres have been cultivated, and practically the whole of the product has been issued. The yield of cleaned *ganja* should have been 8,505 maunds. Actually, 1,834 maunds were exported, and 3,780 maunds issued to the Central Provinces districts and feudatories; in all 5,614 maunds. No figures are available of the stock in hand at the beginning and end of the period, but, in view of the present exhaustion of stocks, it seems safe to assume that the closing balance was at least not greater than the opening one. Thus 2,891 maunds were lost. The greater part of this quantity was doubtless properly destroyed, but the considerations above noted suggest that there was room for a percentage to pass into consumption at every stage of the process, that is, between cultivator and storehouse, at the first 'cleaning,' in transit to the warehouse, at the second 'cleaning,' and even after it, and the Committee would respectfully submit that in these circumstances the annual disappearance of a quantity of *ganja* that represents a duty value of nearly a lakh of rupees is not a matter that the Administration can regard with equanimity. Even apart from the question of duty, the figures are serious, since, if none of this *ganja* passes into consumption, its destruction must represent a loss of cost price to the cultivator or his purchaser that cannot be measured in hundreds of rupees.

420. It has only to be added in regard to this part of the system that No warehouse dues at tahsili warehouses. no warehouse dues are charged at tahsili warehouses though section 15 of the Act appears to require it. The

warehouses in fact have not hitherto had the sanction of the Government of India which they also require, being part of the system established prior to the enactment of Act XII of 1896, and in respect of which no rules under that Act were framed. This defect will be in part remedied by the publication of the rules approved in Government of India letter No. 2937 Ex., dated 9th May 1904.

421. The peculiar system of distribution in force in the Central Provinces has already been mentioned. Briefly, the Committee find its present advantages to be that it equalizes prices, ensures distribution and tends to the greater stability of the revenue from license fees owing to the fact that the licensed vendor knows exactly what price he will have to pay for his *ganja*. On the other hand, by giving the wholesale vendor a monopoly within his area, it puts a premium on the supply of the cheapest *ganja* in the market, and retail vendors have made great complaints both of bad quality and of insufficient 'cleaning.' A further objection that has been taken to the system both by local officers and by the Hemp Drugs Commission is in respect of the tendency of wholesale vendors to secure control over the retail shops, and thus establish a practical monopoly of vend. The Commission themselves found 20 out of the 71 shops in the Jubbulpore district held in this way. Apart from this, there is little to prevent retail vend by wholesale vendors at their own premises and much temptation to it in the grant of permission to sell *bhang* by retail there. The Committee found one man's stock a seer short on inspection, and could find no explanation of the deficiency other than retail vend. The report for 1901-02 further suggests that some of these vendors work for other than the legitimate profits of their business, and draws some interesting comparisons as follows :—

"In Raipur 1,884 seers of *ganja* were issued to the wholesale vendor on payment of Rs. 4 duty per seer, and were issued by him to retail vendors at Rs. 5 a seer, yet he paid Rs. 1,279 of the margin of Rs. 1,884 for his vend fee. In the neighbouring district of Bilaspur, to which cost of carriage must be at least as much, no tender could be obtained, it would appear, to pay nothing for the wholesale vend, although 1,335 seers were sold. A similar difference in the vend fees in these two districts occurred last year: Saugor and Hoshangabad may be similarly compared."*

Another difficulty that has recently been practically in evidence is due to the fact that there is no provision that an incoming contractor is to take over a reasonable balance of stock from his predecessor. As a consequence, in a recent instance the outgoing wholesale vendor flooded the market with cheap *ganja* just before the close of his contract. The Chief Commissioner has noticed, *vide* letter No. c 201, dated 1st November 1903, a further peculiarity of the system, *viz.*, that levy of the duty is postponed, not only till the issue of the *ganja*, but till after its sale to retail vendors, but has found it unobjectionable. It is submitted, however, that such an arrangement, when coupled with the present absence of control over wastages, gives considerable opportunities for fraud.

422. In regard to retail vend, the chief thing to be remarked is the necessity for more check on the shops. Repeated attempts have been made in different districts to require *ganja* in transit to be taken in sealed packages in order to prevent sale by the way, but the Excise Commissioner has recently decided that the attempt is not worth the trouble, apparently on the ground that there was no one to check the seals on arrival. The sales of many shops are so low that, at the reported sale prices, the result of subtracting the license fees and wholesale price from the sale proceeds of all the *ganja* issued in 1902-03 is to leave a net sum of Rs. 28,562 to cover profits and expenses of 880 shopkeepers, or something under Rs. 2-12-0 a month apiece, while in the three districts of Bhandara, Raipur and Bilaspur 410 shopkeepers shared a loss of Rs. 2,538, that of Bhandara showing a further loss of Rs. 534 in 1903-04. It is an interesting commentary on these figures that several shopkeepers in the Sambalpur district have recently been found making entries of receipt in their pass-books in regard to which there was no corresponding entry in the wholesale vendor's account. A few years back a pass-book with entries in it which the wholesale vendor admitted to be his for a shop that did not exist at all was received in the Excise Commissioner's office,

* *Vide* Central Provinces Excise Report, 1901-02, para. 20. It may be noted, however, that, in the case of Raipur and Bilaspur, much larger profits on issues to Feudatory States in the former district afford some explanation of the larger payment by the wholesale vendor.

and, in the course of the enquiry that followed, other entries in shop pass-books in excess of those in the contractor's registers were detected. The necessity of more check seems to be obvious. Another suggestive fact is that, not only have the wholesale vendors made no complaint, but the districts where the retail vendors show the lowest percentage of profit are those mentioned in the last paragraph for the privilege of supplying which the wholesale vendors pay the largest amounts. In short, there are several indications of a tendency to combine such a monopoly as the Commission found with arrangements for illicit supply. Sale of *ganja* on the same premises as opium is practically universal. The grant of monopoly contracts in this matter has been just as damaging to the revenue as in the case of other exciseable articles. Monopolies were still the rule in the Nagpur town at the time of the Committee's visit, and the monopolist was enforcing a minimum guarantee. Separate sale has been introduced, however, from 1904-05. An unusual condition of the licenses is the prohibition of smoking on the premises. This was inserted in 1891, apparently with the same object as that with which similar action was taken with regard to opium. The Commission does not seem to have regarded it as very necessary. An almost universal complaint on the part of the purchasers in the Central Provinces is of the large percentage of dust in the *ganja* sold. The prices vary considerably in different places. The general average seems to be two annas a tola in the Central Provinces and slightly more in Berar.

423. The Hemp Drugs Commission pointed out that after Sind, Berar and the Central Provinces had more shops to the population than any other Province, and, while admitting that density of population was an element in the consideration and that thinly populated tracts require more shops proportionately than where population is dense, considered that the number in both Provinces required attention. It has been seen that, since the date of their sitting, the shops in the Central Provinces have been reduced from 1,383 to 1,279, and in Berar from 228 to 174, and the statement in the margin compares the proportion of all shops for sale of hemp drugs in 1902-03 to area and population in these Provinces with that in others. There can be no question that the reduction effected in Berar has been amply sufficient. In the Central Provinces there is, on these figures, only one shop to 55 square miles, and, if *ganja* shops alone are considered, only one to 60.5. It would seem therefore that here also there is little room for further reduction.

Provinces.	No. of shops 1902-03.	Area per shop square miles.	Population per shop.
Sind...	515	91.2	6,235
Central Provinces...	1,420 ^(a)	55.1	6,715
United Provinces...	3,653 ^(b)	29.3	13,050
Punjab...	1,255	77.5	16,180
Berar...	176	100.6	16,303
Assam...	204	191.1	10,590
Bengal...	3,323	45.5	22,455
Bombay...	538 ^(b)	141.5	28,412
Madras...	549	258.2	67,147

424. An exception from the general regulations regarding supply is made in the case of the Sironcha tahsil. As a relic apparently of arrangements made at the time when smuggling from Hyderabad territory was rife and communications with the rest of the Central Provinces bad, this tahsil has never, since cultivation was restricted to the Nagpur and Nimar districts in 1882, been required to take its supplies from the central store, but the monopoly of vend is simply sold by auction and supplies obtained by import from Hyderabad under passes granted by the tahsildar, without payment of duty. The Government of India has enquired in letter No. 2937 Exc., dated 9th May 1904, whether it is necessary to continue to permit these imports, and the Committee had already, before receipt of this letter, discussed the matter with the Deputy Commissioner, and decided that it was not, for the reason that road communication with Sironcha is likely to be soon opened up. The exception is of less importance than would at first sight appear since the average demand of the tahsil is stated to be only for ten seers of uncleaned *ganja* a year.

425. The Feudatory States within the Province have all agreed to accept the Government system of administration under arrangements which will be discussed in more detail in a later chapter. Generally the system is that the drugs are supplied to the Chiefs at cost price (the cost going to the wholesale vendor, and the Government realizing

(a) Includes temporary shops.
(b) Number in 1901-02.

nothing), and that the Chiefs enforce adherence to the provincial price of Rs. 5 per seer in sales to the retail vendors. The only exception is in the case of the three Western States of the Raipur district in which, under special arrangements, half the duty goes to Government. A special provision for grant of permission to export without payment of duty has been made with a view to these arrangements in the rules sanctioned in Government of India letter in the Finance and Commerce Department No. 2937 Exc., dated 9th May 1904. The issues made under these arrangements are shown in Statement No. XVI, but the figures are confused by the addition for some years of those relating to zamindaris. The issues for the past three years average less than 3,000 seers a year, a fact which suggests that the suppression of cultivation in the States may not be complete. But the officers responsible report, as the result of repeated enquiries, that they have satisfied themselves that the Chiefs have loyally fulfilled their engagement to put down cultivation, and that the only defect in the arrangements is that they themselves are exposed in several instances to smuggling from outside, as a consequence of which Kalahandi, Kanker and Bastar have purchased practically no *ganja* from the tahsili warehouses since 1900-01, and show a licit consumption per head of '02, '04 and '01 of a tola, respectively. Sale of *ganja* in transit to the States is a possible cause of loss of revenue, and proposals will be made in a later chapter for its removal.

426. In the case of Berar the chief thing to be observed is that the revenue does not appear to be adequate. From the statistics available there is every reason to believe that consumption is as common there as in the Central Provinces, shops were once even more numerous, and the taxation is lower, inasmuch as there is no addition made to the duty by the arrangements for wholesale vend. Yet the incidence of licit consumption and taxation are 33·7 grains and 3·5 pies per head against 43·7 and 4·4 pies in the Central Provinces. This difference is the more remarkable when it is remembered that the incidence of taxation on other intoxicants in Berar is so much higher than it is in the Central Provinces. But the discrepancy is less than it was six years ago, when the direct duty was first imposed. It is therefore to be hoped that, when the two Provinces are brought under the same system, a still further increase in the taxation on licit consumption will be observed.

427. The Berar wholesale system is one of free competition similar to that in force in Bengal and Madras, with the exception that no fees are paid for the wholesale license. On the other hand, warehouse dues are charged on *ganja* warehoused at the district headquarters at 4 annas per package per month. Licensees are allowed to store their *ganja* in bond at the tahsili and clean it there before issue on payment of duty. A retail vendor may buy from any wholesale vendor in the Province. The difference between this system and that in force in the Central Provinces may be marked by two prominent instances, the fact that there are no wholesale vendors at all in two districts of Berar and the absence of any complaints of bad quality or dust on the part of retailers. There is considerable complaint, however, in places, of the prices charged.

428. Smuggling is undoubtedly rife throughout the two Provinces. Without going directly into this question the Hemp Drugs Commission Report affords much useful information in connection with it through its examination of the systems in force in the Native States which surround the Central Provinces and Berar, and it will be well to consider briefly the Commission's conclusions, together with such information as is available as to the action taken since they reported.

In Hyderabad they found that there was no restriction of cultivation, but that cultivators were required to dispose of their produce to the purchaser of the monopoly of vend. A duty of Rs. 10 a maund was levied on exports. There were complaints of smuggling from Hyderabad into Berar. The only subsequent information available is the statement of the Berar officers that the smuggling still continues, one of them citing a case in which a whole cartload was detected, and that a maund of *ganja* in Hyderabad sells at the price of a seer of it in British India.

In Indore *ganja* was at the time of the Commission largely grown in the Sanawad pargana, which separates the Kanapur Beria tract from the rest of the Nimar district, and it had been arranged as a result of representations made in 1879 of the injury to the Central Provinces revenue from smuggling, that exports should be taxed at Rs. 7 per maund and only permitted under a formal pass. The right to sell by retail was auctioned. The subsequent information before the Committee tends to show that the export duty was reduced in 1898 to Rs. 1-5-0 a maund, and that the preparation and sale of the drugs has been brought under the Indore Excise Law of 1903. The result of the combination of these measures with the increase of duty in the Central Provinces was smuggling to such an extent that the Administration represented in 1901 that "the present state of things is intolerable, the temptation to smuggling being almost irresistible,"* and a prolonged discussion of remedial measures, including the adequate taxation of *ganja* at Sanawad, ensued, but has not yet brought forth any fruit. The question of the grant of passes by the Excise Commissioner for transport of *ganja* from Sanawad by rail through the intervening British territory to

Year.	Exports to Native States.	Quantity for which transport passes from Sanawad were granted.	
		Maunds.	Maunds.
1896-97 ...	622	100	
1897-98 ...	103	...	
1898-99 ...	458	110	
1899-00 ...	120	1,480	
1900-01 ...	...	4,958	
1901-02 ...	...	1,187	
1902-03 ...	...	3,030	

Indore has also been the subject of prolonged correspondence, and efforts are being made to arrange that such transports shall only take place under passes granted by the Excise Commissioner on the application of the Political Officers of the States to which the *ganja* is consigned. The statement in the margin, comparing the exports from Khandwa to Native States with the quantities for which transport passes from Sanawad have been granted, shows in one glance the extent to which Sanawad has taken the place of Khandwa

in supplying this demand.

The Commission's information regarding Gwalior was that cultivation was 400 acres, that a duty of Rs. 5 per maund was levied on all *ganja* exported to British Provinces, and Rs. 2-8-0 per maund on *ganja* transported from one place to another in the State, and that cultivators might only sell to licensed vendors. The Commission also had information that the cultivator paid Rs. 12 per acre over and above his fixed rent, but whether this payment was made to the State or not was not clear. There was a fixed rate for retail sale, 4 annas per seer. Information since received through the Honourable the Agent to the Governor-General shows that no restrictions are attached to cultivation, and that the duty on exports is now only Rs. 3 a maund as against Rs. 5 a maund for imports.

The Commission had little information regarding Bhopal. A copy of the Bhopal Excise Regulation of 1899, with which the Committee have been supplied, seems to show that cultivation and sale are now licensed, but the Committee have no information as to the terms of the license or the taxation levied.

In the Bundelkhand States there is little or no regular cultivation except in Datia, where it is of considerable extent, but cultivation for domestic consumption is common. Contracts for the exclusive right of supply are leased out and supplies are obtained from the neighbouring States. A local fair is held in February each year at Khajraha in Chhatarpur, where *ganja* and *bhang* in large quantities are received, and it serves as a distributing centre for the States; but no *ganja* or other drug is permitted to be imported or exported without an Agency *parwana*. The price varies from 12 annas to 2 rupees a seer. There has been much smuggling in the past from these States, and the Political Agent has taken action to restrict imports to a reasonable amount by the refusal of grant of passes. On the Central Provinces side of the border the import of any quantity of *ganja* from the Panna State into Damoh has been prohibited under orders of the Government of India conveyed in Finance and Commerce Department letter No. 6418 Ex., dated

* Secretariat letter No. 5596, dated 29th October 1901.

5th December 1902, and the operation of this order, coupled with an improvement in the season, has resulted in doubling the consumption of the district.

In Rewa cultivation is prohibited and *ganja* imported on passes granted by the Political Agent, but there is reason to believe that the prohibition has been by no means effectual, and that the amount imported on passes is insufficient for the demand of the State. The right of sale, apparently at a fixed price of Rs. 35 a seer, is leased out with that of sale of opium to a contractor.

In Nagod there is no cultivation except in the Dhanwahi *ilaka*, which is an island of Native State territory surrounded by the Jubbulpore district. Cultivation is taxed at from one to four annas a plant, and cultivators are allowed to sell to consumers. The price is six pies per *juri* of two to three tolas. Elsewhere in the State the right of sale is given on contract, and *ganja* is imported on passes granted by the Political Agent. The retail price is said to be Rs. 35 a seer for *baluchar ganja* and Rs. 5 a seer for country *ganja*.

In the Maihar State there is said to be no cultivation, and imports are made only under passes, the monopoly of sale being leased to a contractor. The Committee found what appeared to be wild *ganja* on sale in a shop of this State which they visited.

In the Chota Nagpur Tributary States the Commission found that cultivation was prohibited in Seraikela and Kharsawan, and that in Sirguja, Gangpur and Udaipur orders had been issued to the Chiefs not to allow *ganja* to be grown without their permission, to keep lists of persons who grew it and see that they did not grow more than they wanted for their own use, and to prohibit sale. A small tax per plant was charged on cultivation for domestic use in Udaipur, Gangpur and Bonai. Since then cultivation has been entirely prohibited in Gangpur, Jashpur and Bonai, and a system has been introduced under which the States obtain a limited supply of *ganja* from Government licensed dealers on payment of the full duty. Smuggling from the remaining States, more especially from Sirguja and Udaipur, still continues, and convictions for such smuggling were obtained in 21 cases in the years 1901 to 1904. The Bengal Excise Report for 1902-03 shows that similar smuggling goes on into that Presidency.

The administration of the *ganja* revenue in the Orissa Tributary Mahals was in a very unsatisfactory state when the Commission wrote, and is discussed by them at length. As a consequence of their representations, what is known in Bengal as 'the Kuch Behar system,' which is one under which cultivation is prohibited and the State imports its *ganja* from a Government storehouse in bond and levies the Government rate of duty on issues, has now been introduced throughout this area.

In the neighbouring districts of Madras the Commission found that there was considerable production, though there was no evidence before them that the production in the Agency tracts, which lie all along the border of the Central Provinces, was large. Smuggling from these areas has been a common cause of complaint in subsequent years both by the British districts and by the Feudatory States which border them. These complaints have already been enquired into by the Committee and reported on in a separate communication wherein it is shown that the shopkeepers in the adjacent districts are still ostensibly working at a dead loss, a fact which indicates a considerable use of smuggled *ganja*, that 73 cases involving 102 seers have been detected in five years, in spite of the inadequate preventive staff employed, that the Political Agent, Chhattisgarh Feudatories, has recently satisfied himself as to the existence of extensive cultivation in Jeypore, and the absence of it in the Feudatory States, his enquiries on the latter point confirming the results of a special enquiry made by the Superintendents and Administrators in 1903, and that the adjacent Feudatory States have gone the length of prohibiting import of any quantity of *ganja* in the hope of checking the injury to their revenue. It might be added that the present figures of consumption of the districts affected, *viz.*, Raipur, Bilaspur, and Sambalpur, show a decrease of 67·6 per cent. as compared with those which were before the Commission as against a general decrease of 37·3 per cent for the Province, a fact which suggests that smuggling has become more prevalent since the Agency tracts alone have enjoyed an exemption from the general prohibition of the cultivation of *ganja*.

A letter subsequently received by the Committee from the Secretary to the Commissioner of Salt, Abkari and Separate Revenue, Madras, gives cover to one from the Collector of Vizagapatam, which is to the effect that the cultivation of *ganja* in the Jeypore zamindari is very sparse, and that the smuggling thence cannot be serious, and suggests that the Feudatory States are responsible for it. With reference to this the Committee would only remark that the Collector's observations are at variance with those of the Political Agent, Chhattisgarh Feudatories, and would suggest that possibly the Collector has not visited the narrow tongue of Jeypore territory which runs right up into the Central Provinces at a distance of something like 100 miles from the town of Jeypore and which is the portion within which cultivation is alleged by the latter officer. It is also probable, however, that some smuggling which is not from Jeypore may have been attributed to that Agency for the reason that officers in the Central Provinces are not well informed as to the names of the others. The Committee observe from the Madras Memorandum printed in Vol. III of the Hemp Drugs Commission Report that the cultivation by the Khonds of the malarious tracts of the Goomsur *maliaks* in Ganjam was extensive and the estimated outturn of the district for 1889-90 no less than 1,720 maunds, or nearly as much as the whole licit consumption of the Central Provinces, and further, that a recent Bengal report complains of smuggling from this area. A recent Excise diary also mentions Balligudda as the chief source of smuggling and the detection of considerable quantities of *ganja* from this source. It is probable, therefore, that a good deal of smuggling from Ganjam has been wrongly attributed to Jeypore.

On the whole, it can hardly be doubted that the injury to the Central Provinces *ganja* revenue by wholesale smuggling is very considerable indeed. In addition there is much injury to the revenue by import by private persons in quantities of five tolas and less, and the reports mention several cases of detected smuggling by post.

429. The Committee have the less hesitation in proposing a radical revision of these arrangements in that a complete breakdown has already occurred in the matter of supply, and that they find it recorded in a Secretariat note of 1900 that it was then thought probable that the whole system of *ganja* vend would have to be remodelled, the complete stoppage of cultivation being regarded as a possible necessity. The objects to be aimed at in such a revision are, first, to ensure the maintenance of a proper supply, second, to secure more efficient control over production and manufacture, third, to avoid the enormous loss and uncertainty resulting from the processes of 'cleaning' and the arrangements for transit, fourth, to secure greater control over retail shops, and, fifth, so far as possible, to put down smuggling.

430. In dealing with the question of supply it may be stated at the outset that the interference of Government in the traffic has already so far interrupted the action of the ordinary laws of supply and demand that further interference has become inevitable. Three alternatives have been suggested, first, the removal of the duty on exports, second, the stoppage of cultivation altogether and supply by import, and, third, the institution of a Government monopoly.

431. It has been seen that the imposition of the duty on exports was strongly opposed by the Local Government, with the idea that its imposition would so restrict cultivation as to create difficulties in the matter of the supply of local consumption, and the fact that the Central Provinces, which was once a large supplying centre of Northern India, has in this year had to import *ganja* for its local consumption from Bombay would seem to justify the contention, but the Committee have found that the export trade had ceased before the duty was imposed, and it seems very improbable, from an examination of the facts, that the removal of the duty would, in point of fact, cause a revival of the export trade. The Government of India has clearly stated that it will not depart from its general policy in order to foster the *ganja* industry of the Central Provinces,* and the Committee can find no sufficient grounds for proposing that it should be asked to reconsider that decision.

* Finance and Commerce Department, letter No. 4587-E., dated 7th October 1899, para. 8.

432. The second proposal, to prohibit cultivation altogether and draw supplies from elsewhere, was put forward in the Chief Commissioner's resolution on the Excise Administration Report for 1901-02, but questioned by the Government of India on the ground that the Nimar district was one of the two main sources of supply of Upper India. This objection can hardly hold good now that there have been no exports for the last six years and that the Province is drawing its supplies from Bombay, but again the Committee would not recommend the adoption of the proposal except in the last resort, since there will always be the risk of short supply or increase of price in the supplying Province, and the change would no doubt involve changes in taste and quality which might be disliked by the consumer.

433. A third alternative is the purchase of the crop by Government and supply in exactly the same manner as opium. This has much to commend it. It was tried on a small scale by Major Bloomfield as long ago as 1877, and approved by the Local Government, which remarked "there can be no doubt that the most effectual way of administering the *ganja* revenue would be by arranging to supply the retail dealers directly," and it was apparently only a change in the office of Excise Commissioner that led to the adoption of the present system in preference to it. Even this has several elements of monopoly about it, and had more when first instituted. The question of direct supply was again discussed by Mr. L. K. Laurie in 1887, and the substitution of a system of Government agents for the wholesale vendors suggested, and by Mr. Drake-Brockman in 1894, and apparently only not proposed on the latter occasion because the Government of India had expressed views contrary to its adoption. The Hemp Drugs Commission reported in 1893-94 that theoretically there was no objection to the system. It found practical objections to the adoption of a general system on the lines of the Bengal opium monopoly, but was quite prepared to see direct supply adopted if these objections were in regard to any part of British India "either at the present or at any future time deemed to be of less weight than the Commission have attached to them."* The objections were the risk of purchasing sufficient produce for the whole of India, the expenditure involved in the establishment of the system, the fact that the Hemp Drugs administration was in a backward state, and the necessity for arrangements with Native States. The Committee are inclined to attribute much less force to these objections than to the objections to the present system, which are the uncertainty of supply from year to year, the uncertainty as to the quality of the product, the danger of sudden and violent changes in price, and the great loss of revenue through scattered cultivation under no proper control; and they find that proposals for the introduction of the system into the Central Provinces have been twice made in the discussions following the Commission's report. They believe that they are right in saying that similar difficulties have been found in Madras and similar proposals in respect of cultivation on the Javadi hills made by the Board of Revenue to the Government of that Presidency. They regard this, therefore, as the best of the systems suggested.

434. But they believe a better is possible. The Government of Mysore since the enforcement of the policy recommended by the Hemp Drugs Commission, *viz.*, the levy of a duty on all exports to Native States, has rendered it impossible for them to secure any revenue in the shape of duty from consumption so long as the *ganja* is derived from Madras, has instituted a system of local production which seems to the Committee to have most of the advantages of a system of supply by Government without its defects. Under this system a contract is given to a firm of contractors for the annual production of a fixed quantity for a term of years. Another firm undertakes distribution to warehouses where retail vendors purchase the drug at cost price plus duty. Practically, therefore, the system repeats the provisions of that already suggested in the case of supply of spirits.

* Hemp Drugs Commission Report, 1893-94, para. 589.

435. The Committee would recommend the adoption of this system with some modifications to suit it to the circumstances of the Central Provinces and Berar. They would suggest that the cultivators should be permitted to sell only to a single firm of contractors, through whom they would obtain their licenses to cultivate, and that tenders should be called for for a contract for a term of years for purchase of the drug under these arrangements from cultivators immediately at the close of the period of manufacture, for storing it after weighment in fixed enclosures during the period that now elapses between manufacture and transport to the storehouse, for reducing it in the storehouse compound to the condition in which it will be ultimately sold, for making it up as soon as it is thoroughly dry into secure packages tightly packed, of fixed weight, and for issuing it to warehouses as required. The boxes could then be issued from warehouses under exactly the same arrangements as cakes of opium are now issued from treasuries. The Committee believe that this system would entail no hardship on the cultivators, who borrow money and sell the crop now before it is harvested at all, and are put to considerable inconvenience by the provisions of the rules which are framed for their protection and which require their authorization of every transaction up to the time of the *ganja* leaving the storehouse months after they have been paid for it. It would facilitate the concentration of cultivation, since it could be made a term of the contract that the contractors should draw their supply from an area of limited size. It would greatly facilitate the control of manufacture and storage after manufacture. It would abolish the difficulties connected with 'cleaning' and preserve the advantages of the present wholesale system without its disadvantages, and transport could be made absolutely safe by packing the boxes of *ganja* into cases, round which a wire could be strained and secured by a lead seal. The maintenance of a sufficient stock could be ensured by requiring the contractor to maintain a reserve supply, and, in the event of a failure of the crop, by allowing him to import from elsewhere.

It may be added that a proposal for the reduction of all *ganja* to the 'chur' state was made even in Bengal, where the processes of manufacture are various and elaborate and the products widely different, and was apparently regarded with some favour by the Commission. There could be no objection to such a procedure in the Central Provinces, where no *ganja* is ever retailed except in the 'chur' state.

436. The objections which may be urged against the system are that it would increase the cost of the *ganja* and that storage in boxes is not feasible.

Possible objections. Increase of cost.

The Committee have examined the first point, and are inclined to a contrary opinion. Apart from any question of the loss of revenue through pilfering or of waste of the Tahsildars' time, the Committee find that the actual cost of *ganja* at present is unnecessarily high, and is further largely increased by difficulties in the way of effecting a sale and by the repeated processes of 'cleaning.' Under such a system as that proposed the all-round cost is likely to be much lower for a better quality. One middleman would be substituted for two and one 'cleaning' for two; the cost of packing would certainly be increased, but, since one process would be substituted for a number, the Committee doubt if the increase would be very large, and the saving of the revenue involved through the stoppage of pilfering and the like would amply justify even a considerable increase.

437. The question of the best method of packing and preserving *ganja* is one which seems to the Committee to require further investigation. The Hemp Drugs Commission mentioned some experiments made in this matter in the Central Provinces and Bengal, but recorded a doubtful verdict. The Committee have been unable to trace any record of the experiments in the Central Provinces which the Commission described as having been unsuccessful. On the other hand, the one experiment of which they do find a record was just the reverse. Major Bloomfield in 1878 sealed up a seer of *ganja* in an air-tight tin box for seventeen months, in the course of which it travelled by post to Chanda and back, and found it on opening to be in perfect condition. Some other samples packed in deal-wood boxes at about the same time fetched high prices at auction. The experiments on which the Commission chiefly based their conclusions were those made by Dr. Prain

Storage in boxes.

in Bengal, and these the Committee would submit were conducted under conditions which do not obtain in the Central Provinces. Practically his results amounted to this that *ganja* sealed up in a damp climate in an air-tight tin case becomes musty through the action of the moisture sealed up with it. But the atmosphere of Khandwa in the hot weather is not moist, and, on the other hand, the *ganja* stored there becomes so brittle through the action of the heat that it has to be soaked before transit to prevent its being reduced to powder. There seems, therefore, to the Committee to be little reason for fearing deterioration if the *ganja* is given time to get thoroughly dry and sealed up in the hot weather. This opinion is confirmed by the result of Major Bloomfield's experiment, and by the fact that it is the almost invariable practice of wholesale vendors to keep their *ganja* in tin boxes. If a further experiment confirmed this view, it should be easy to arrange to seal up *ganja* in boxes of fixed size made out of kerosine oil tins in the course of the hot weather after ascertaining by a simple test that there was no moisture left in it. Another alternative is to pack up the *ganja* in wooden boxes with sufficient ventilation to allow of the exit of any vapours that might be formed. It would be easy to provide for it to have as much ventilation as it gets under present circumstances, and, if it were stored in the general Excise warehouses which the Committee are proposing, it would be easy to provide that each box had sufficient access to the air. The Committee have had forty plain wooden boxes without any holes in them, which were packed under orders of the Deputy Commissioner, Nimar, in store in Pachmarhi from April till September, in the course of which about sixty inches of rain have fallen, and find the *ganja* to be in perfectly good order at the close. They have also made several experiments with a view to seeing what amount of loss by damage in transit results under a system of tight packing in boxes, and find that it seldom works out to more than two or three tolas to a seer. In fact the saving by this process as compared with the present system of packing long sticks in loose crates is so great that, even apart from the losses by theft, they believe that, if wholesale vendors had been required to account for losses in transit or refused permission for the second 'cleaning,' they would gladly have adopted transport in boxes themselves. In these circumstances it seems to the Committee that the superiority of the system of packing in boxes is established, and the only question for discussion is whether tin or wooden boxes are the best. This is a question which can easily be settled by experiment, which might perhaps also cover the system of pressing *ganja* into cakes, as regards which the Hemp Drugs Commission wrote—"Dr. Prain's suggestion to have the drug compressed in the form of cakes commends itself as being simple and a very marked improvement on the present method of placing the drug on the market in several forms. It is recognized that powerfully compressing vegetable drugs in the form of tabloids lessens deterioration by exposing a smaller surface to the action of damp and air. The proposed system would also lessen very materially the bulk to be stored and facilitate transport. It would most certainly prevent to a great extent volatilization of the essential oil on which so much of the popular commercial value of the drug depends, and it would also to a great extent prevent the illicit drug from passing into the market."* It will be seen from the proceedings of the meetings with local officers that a system of supply in boxes was mooted by some of them, and approved by them all, a practical example of it being exhibited by Mr. Mayes, Deputy Commissioner of Nimar, to the meeting at Pachmarhi. It was discussed in conjunction with a proposal for the purchase of the crop by Government, as to the advantages of which they were all unanimous, the Committee not being informed at the time as regards the Mysore arrangements.

438. This system, if adopted, should be applied to the whole Province including the Sironcha tahsil. This might possibly lead to some smuggling from Hyderabad, and this is probably the reason that prevented a similar proposal that is mentioned in Mr. Drake-Brockman's memorandum for the Hemp Drugs Commission from being put into effect, but it has been seen that the revenue involved is very small indeed, and it is hoped that the Government

The Sironcha tahsil should be included under the system with the rest of the Province.

*NOTE.—This system is actually in force in respect of all *ganja* made in the Javadi hills in Madras.

of His Highness the Nizam will sooner or later adopt such measures as will greatly reduce the danger of smuggling.

439. The Government of India have laid down the principles to be observed in fixing the rate of duty as follows :—

Rate of duty.
“ The first principles of scientific excise make the duty the main factor in taxation and the vend fees a mere subsidiary method of raising extra revenue in localities where the demand for exciseable articles is high, while serving at the same time as an index to the adequacy or otherwise of the duty.”* At the time these principles were laid down the duty revenue of the Central Provinces was not one-half of the total. The increases in the rate of duty imposed have altered the proportions so that in 1903-04 the duty receipts in the Central Provinces (including receipts on account of wholesale vend) were 59 per cent. of the whole, and in Berar 52·3 per cent. These proportions, while suggesting the possibility of a further increase in the future, show that there is no immediate necessity for it. Under the system proposed the percentage in the Central Provinces at any rate would doubtless be lower, since there would be no addition to the duty through means of the system of wholesale vend, and possibly this will again reduce the duty revenue to less than half the total. On the other hand, the fact that Rs. 4 is the rate of duty in force on *ganja* of the same quality throughout the adjacent United Provinces and the Presidencies of Madras and Bombay suggests a continuance of the existing rate for the present. The Bengal *ganja*, which alone is more highly taxed, has much higher narcotic properties, and even the Ahmednagar *ganja* recently received at the storehouse is reported to be superior to the Khandwa drug. The Committee would therefore recommend that no increase be made in the Central Provinces until the Presidencies of Madras and Bombay take action in that direction. That they are likely to do so sooner or later would seem probable from the conclusion arrived at by the Hemp Drugs Commission that, if the cost of a habitual consumer's average daily allowance be taken as the standard of comparison, there is room for an enhancement of the taxation on *ganja* even in Bengal before it can be called equivalent to that imposed on liquor.

440. The danger of an increase in the duty leading to *ganja* being replaced by more noxious intoxicants may be briefly mentioned. The use of the root of the cold weather *juari* known as *ringni* was reported from Hoshangabad in 1900-01, and an enquiry into the matter was ordered by the Chief Commissioner, the outcome of which was to show that this intoxicant was little used except by the most hardened smokers, and then almost always as an addition to *ganja*, and was so poisonous that there was little danger of an increase of its use. The only other alternatives the Committee find mention of in the correspondence are the following, the use of which is reported in a letter of 1880 from Sambalpur:—

“ Bark of the *salai*, young roots of the *kadam*, *iswarjatta*, and a preparation made from *dub* grass.” Some similar substitutes or admixtures were mentioned by witnesses before the Commission, but none were in common use. Apparently therefore there is little danger at present of any of these taking the place of *ganja*. But it would be well that the law should give the Government the power to tax them in case their consumption should be found to increase.

441. It has already been seen that there is no need for any further reduction in the number of retail shops at present. For their better control the first essential is a proper establishment. Once this is appointed it will be its duty to keep a strict watch on the operations of any shopkeeper whose ostensible transactions show that he is carrying on his business at a loss. The question whether detailed accounts of sales should be kept has been several times discussed, and some Deputy Commissioners have tried to enforce such an arrangement. The Excise Commissioner has, however, recently decided against it. The Committee would accept this decision, but would reserve power in the hands of Deputy Commissioners to require any shopkeeper whose operations were suspicious to keep accounts.

* Finance and Commerce Department Letter No. 1234 Ex., dated 12th March 1898.

442. In taking measures for the prevention of smuggling of *ganja* the first thing is to do everything possible towards stopping it at the source, that is, by the enforcement of proper taxation and control at the place of production. This is a measure which was strongly urged by the Hemp Drugs Commission both as regards Native States in general and as regards those bordering the Central Provinces and Berar, whose arrangements have been briefly detailed above, in particular.

Thus, in regard to Hyderabad, they said—"If *ganja* is systematically treated in Madras, Bombay and Berar, the arrangements will be incomplete unless a similar change is made in the Hyderabad State; and, as the regular cultivation in the latter appears to be confined to certain definite areas, control will probably be quite feasible should the Durbar agree to exercise it. For the present, however, the existing arrangements under which the produce must all be made over to the licensed vendors and a tax levied on all imports and exports will, if they are observed, be sufficient to check the export of *ganja* to British Provinces. When, by reason of the perfecting of the system in British territory, the inducements to smuggle cheap *ganja* from Hyderabad are increased, it will then be advisable to suggest to the State the desirability of exercising more complete control over the cultivation of the plant and its produce."

In regard to Indore they said—"It is evident that the Indore State possesses considerable facilities for the production of *ganja* and for its distribution in British territory, and, in the interests of the system of administration proposed for British Provinces, it is extremely desirable that the production of the drug in this State should be brought under control."

Control was recommended in Gwalior and Bhopal, and it was remarked that any want of it in Baghelkhand would probably have a serious effect on the Excise administration of the North-Western Provinces, Central Provinces, and Chota Nagpur.

Similar remarks were made as regards Bundelkhand.

Control of cultivation was recommended in the Chota Nagpur States in common with other similar areas, and the desirability of the general introduction of the 'Kuch Behar system' into them was mentioned in the Bengal Excise Report for 1902-03.

It has already been noted that the strong recommendations made in regard to the Orissa Tributary Mahals have resulted in complete control.

In the case of the Madras Agency tracts the Commission wrote—"The Commission find it difficult to believe that there will be greater difficulty in dealing with the control of hemp drugs in the Madras Agency tracts, which are British territory, than in the Tributary States of the Central Provinces, where complete control has been secured, or in those of Bengal, where various measures have from time to time been introduced, though not with complete success. And in all these cases they regard control of cultivation as the object to be aimed at, inasmuch as it is the only satisfactory method of controlling the production and distribution of the drug."

443. The Government of India have in a measure accepted these Orders of the Government of India. Thus in letter No. 4587-E., dated 7th October 1899, they state, with reference to the Chief Commissioner's objections to the levy of duty on exports to Native States, "To allow exports to Native States without prepayment of duty would be to give up our revenue on hemp drugs produced in British India, and there is no reason why we should forego this duty. We do not remit similar taxation on liquors sent to Native States, nor on opium except where States are allowed a remission of the whole or part of the British duty as a *quid pro quo* for stopping local cultivation of the poppy and assimilating their vend systems to ours. It is possible that the Government of India may hereafter enter into similar negotiations with some Native States as regards hemp drugs; but the time for this has not yet arrived. We must complete the revision of our own hemp drugs arrangements in pursuance of the policy recommended by the Hemp Drugs Commission before we ask Native States to recast theirs."

Again in letter No. 5318 Ex., dated 22nd October 1900, it is stated that "if experience should show that smuggling from the Chota Nagpur States is found to occur in spite of these restrictions (*i. e.*, the restrictions on cultivation mentioned by the Commission) the Government of India will be prepared to ask the Bengal Government to consider the question of inducing the Chiefs of these States to put a stop to their local cultivation under an arrangement similar to that entered into with the Chiefs of the Orissa States and of Kuch Behar."

And again in letter No. 2937 Ex., dated 9th May 1904, in dealing with the proposal to prohibit imports altogether in order to prevent smuggling, the Government of India feared "that such a prohibition would lead to petty prosecutions and blackmailing by subordinate officials, and they would prefer to check excessive imports from Native States by inducing the Durbars to remove the facilities for such importations, either by assimilating their excise system to that in force in adjoining British territory, or by closing all shops close to the border of British India."

444. It would appear from these orders that the first preliminary to the securing of proper control in Native States is that the systems in force in British India should have been all revised in accordance with the recommendations of the Hemp Drugs Commission. The Committee believe that this stage has now been reached. They would therefore urge that the Government of India be moved to impress on the Native States bordering the Central Provinces the necessity for the revision of their arrangements also in accordance with the Commission's advice. They are not the first to put forward such a proposal, but find from papers with which they have been favoured by the Excise Commissioner of the United Provinces that Mr. Cox, when holding that appointment in 1903, as the result of an elaborate enquiry into the question of *ganja* smuggling from the Bundelkhand States, came to the conclusion that the only satisfactory means of reducing the smuggling was to induce the States concerned to force the price of *ganja* up to something approaching the price which obtains in British territory, and outlined a scheme to this end as follows :—

"The States of Gwalior and Datia should regulate (and, if necessary, restrict) the area under *ganja* cultivation, and either buy the produce or have it deposited in State warehouses in bond, issuing it for local consumption at a price approaching, or on payment of a duty which, together with the price, would approximate to, the prices ruling in British India. The other States should prohibit local production and impose a duty on imports, and it should be arranged with the producing State to issue for export only on passes granted by the importing State or the Political Agent. Issues for export might be made by the producing State at rates considerably lower than those charged for local consumption, the importing State being left to impose the duty necessary to bring the price up to something like that prevailing in British India." These proposals, which received the approval of the Board of Revenue and the Local Government, subject to time being given for similar arrangements in respect of opium to bear fruit before they were urged on the States, embody exactly the scheme which the Committee would recommend. They would suggest, however, that the other States of the Central India Agency should be brought within their scope with the addition of Sanawad, in Indore, as a producing centre, as already proposed in correspondence ending with Secretariat letter No. 49, dated 27th May 1904. The Committee observe that the Agent to the Governor-General suggested to the Indore Durbar as long ago as 1902 that "the only thing that can prevent smuggling is to take such steps as will raise the price of *ganja* in Sanawad to a level approximating to that which obtains in Nimar."* They believe that the Durbar would be ready to accept the scheme as soon as they were convinced that it would be financially profitable.

In the case of Chota Nagpur, as it is shown that smuggling does continue, not only into the Central Provinces, but into the Bengal khalsa and the States that have adopted the 'Kuch Behar system,' they would suggest that the Government of India be now asked to move the Government of Bengal in the matter of its extension to them all.

* Letter No. 5752, dated 16th May 1902, to the Resident in Indore, copy of which was forwarded under cover of letter No. 5753, dated 16th May 1902, to the Under Secretary to the Chief Commissioner.

In the case of Madras they would only add to their previous representation a suggestion that the question of *ganja* smuggling should be looked into in the Agency tracts of Ganjam as well as Vizagapatam.

And they would urge the arrangement of a general convention with Hyderabad on the lines suggested by the Hemp Drugs Commission.

445. The making of such arrangements as these, however, will, as pointed out in the Government of India letter first quoted above, be a long and, in some cases, a troublesome task, and meanwhile the best arrangements possible for the check of smuggling must be made. The first essential to this end is the appointment of a proper preventive force, and the second is the control by it of the shopkeepers whose transactions show that many of them must be dealing largely in smuggled *ganja*. The introduction of retail accounts may be found a useful check on illicit dealing. Further measures of control will be more fully discussed in dealing with opium, the smuggling of which is a still more serious matter.

446. In regard to import by private persons, the Committee would respectfully submit that the Government of India should be asked for some modification of its orders refusing to penalize imports in quantities of five tolas and less. In a report written in February last the Excise Commissioner found that the absence of any prohibition of import of quantities of five tolas at a time, which he found to be equal to a week's consumption of a moderate consumer in the case of *pathar ganja*, and much more in the case of *baluchar*, was, when coupled with the increase in the duty, the chief cause of the decrease in the demand for *ganja* from the Khandwa storehouse. It has been seen that such a total prohibition in the case of the Damoh district contributed largely to a doubling of the licit consumption, a fact which the Committee believe was not before the Government of India at the time when the order above referred to was passed. Moreover, the arrangements under reference are required not only in the Central India Agency, which is alone mentioned in it, but in Native States or other Administrations practically all round the borders of the Central Provinces. It has been seen that the Feudatory States under the Central Provinces Administration have themselves imposed the prohibition, and, though the Political Agent, Chhattisgarh Feudatories, reports that the prohibition is now inoperative, it was found in the first instance to be very effectual. A similar prohibition is in force all over India in the case of opium, and in the case of *ganja* in Madras, and in many places even the possession of exciseable articles away from the shops is practically prohibited in the interests of the revenue. The Committee would therefore urge either that the Local Government be given the power to impose a complete prohibition in areas where smuggling is rife, or that, at least, a lower limit, say, two tolas, should be imposed for imports than for possession, thus assimilating the procedure to that adopted under the orders of the Government of India in the case of import of opium by *bonâ fide* travellers. A similar procedure is needed in respect of both *bhang* and *charas*. In the first case the limit has been raised by the Government of India to one seer, though the Commission recommended only a quarter of a seer, and even that limit had been reported by the Central Provinces authorities to be productive of much loss of revenue. In the second case five tolas represents a quantity equal to forty-five days' consumption of a moderate consumer.

447. The arrangements made in the Central Provinces and Berar in respect of *bhang* are peculiar, and their revision is one of the matters specially referred to in the Chief Commissioner's instructions to the Committee. The first notice the Committee find of the matter in the Central Provinces is in 1879, when any licensed vendor was allowed to import *bhang* on payment of a duty of Rs. 8 per maund. The Excise Commissioner in that year raised the duty, on his own responsibility, to Rs. 8 per maund less than the duty on *ganja*. Local *bhang*, which was the refuse of *ganja*, was also consumed. In 1880-81 these arrangements were recast together with the contract for the wholesale supply of *ganja*, which was granted in that year to a single contractor for the whole Province, and it was arranged to give this contractor also the monopoly of the import of 'foreign' *bhang*, apparently for the reason that retail vendors had not the enterprise to arrange

for it, as well as that of retail vend, apparently to prevent illicit practices on the part of retail vendors. The issue of 'local' *bhang* was at the same time prohibited. The same system was continued when the wholesale vend contract was broken up, but the prohibition of the issue of 'local' *bhang* seems not to have been effectual, since it was prohibited again in 1892, and in spite of that some of the license forms still contain provision for the sale of this article by special permission of the Excise Commissioner. The Hemp Drugs Commission condemned the system, and urged the separation of the licenses, but, as has been seen, it was found that there was no demand for separate licenses outside district and tahsil head-quarters, and the matter was dropped. The duty was reduced on their recommendation from Rs 2 to Re. 1 per seer, and imports have increased in consequence by 400 per cent. In spite of this a recent report shows that the wholesale vendors sometimes refuse to import *bhang* at all, thus depriving whole districts of their supply of this least noxious of the hemp drugs. They are enabled to do this as a consequence of an inadvertent omission from the orders on the subject, when reissued after the correspondence of 1896, of a condition formerly in force requiring the maintenance by wholesale vendors of a supply of *bhang* for sale to the public. The natural consequence is that the consumers smuggle in their supplies.

448. In Berar practically the only *bhang* known till the time of the Commission was 'local' *bhang* or refuse *ganja*. In the reorganisation of the system resulting from their report, arrangements were made for licensing the import of 'foreign' *bhang*, and a rapidly increasing trade is now being done in this article, the right of sale being restricted, as in the Central Provinces, to wholesale vendors of *ganja*. Refuse *ganja* is still sold as *bhang* by auction to retail vendors, the proceeds of the auction being divided between the wholesale vendor and the Government. The orders require that no sale shall be for less than Re. 1 per seer, but these are not always obeyed, and the system seems capable of affording an opening for fraud. To quote the report for 1902-03, for instance, "432 seers appear to have been sold in the Akola district for Rs. 43, which is inconsistent with the orders requiring an upset price of one rupee a seer. In Amraoti 92 seers were sold for Rs. 95, and in Ellichpur 95 seers were sold for Rs. 250, which is the other extreme and suggests that the refuse was not properly examined and contained a large proportion of good *ganja*, which thus escaped duty."

449. In making recommendations for the future control of this drug it seems to the Committee that the first thing necessary is a definition. The lenient taxation of *bhang* imposed on the Commission's recommendation proceeded on its comparatively innocuous nature, and it is obvious that, if it is to continue to enjoy this lenient treatment, while a maximum of revenue is secured out of a minimum of consumption of *ganja*, some steps must be taken to ensure that what is sold as *bhang* is really comparatively innocuous. The Commission, though finding that the term was loosely used, adopted a definition from Dr. Prain, which was amply sufficient for this purpose, *viz.*, that "*siddhi, bhang, subzi* or *patti* are different names applied to the dry leaves of the hemp plant, whether male or female, or whether cultivated or uncultivated," and the Government of India in its Resolution No. 136 Ex., dated 25th March 1895, adopted the same definition. In a later letter, however, No. 1935 S. R., dated 3rd April 1896, they substituted for this a very much wider one, *viz.*, "for the purposes of Excise regulations it should be understood to denote the leaves and flowering heads of the hemp plant, whether male or female, cultivated or uncultivated." The adoption of this definition admits a very much more intoxicating article to the market, and accordingly the Committee found that the local officers were unanimously of opinion that the imported *bhang* is distinctly intoxicating, and the sudden increase in its imports by 400 per cent also tends to the conclusion that it is being imported to supply the place of the dearer *ganja*. This is a conclusion which is confirmed by a recent report of the Excise Commissioner of the United Provinces, from which the *bhang* is imported, who makes the following remark in his report for 1901-02:—

"It has been generally accepted hitherto that *bhang* is not capable of taking the place of *ganja* or *charas* as an active intoxicant. It is, however, a fact which requires explanation that the consumption of the former is very

small in those districts in which there is an abundant spontaneous growth of the hemp plant. For example, the consumption of *charas* in Gonda and Bahraich put together is less than half of that in Sultanpur, while the prosperous district of Basti consumes about two-fifths of the quantity required in the depressed district of Azamgarh in the same division." It is also confirmed by an examination of the *bhang* imported, which shows lumps of resin, sometimes as large as a pea, and by the statement of some of the local officers that the *bhang* habit, if it exists, is one of recent growth. It seems to the Committee that the import of large quantities of this stuff under a low rate of duty is an abuse of the lenient treatment of *bhang* recommended by the Commission, and they would suggest, as a first step towards checking it, that *bhang* should be defined, as Dr. Prain defined it, as consisting of the leaves of the hemp plant only. This is the course already adopted in rules having the force of law by the Government of Madras, while the Excise Manuals of most other Provinces, including that of the Central Provinces, embody definitions of less authority to the same effect, and a sample of *bhang* received from Madras shows that it is quite feasible to make a drug complying with the definition.

450. This the Committee believe could be easily arranged under the system of wholesale supply recommended by them. They would therefore suggest that the preparation or import and supply of a drug complying with this definition should form a term of the wholesale supply contract. If this was arranged, separate licenses might be granted for retail sale as recommended by the Commission, but it might be provided that, if no separate licensees were forthcoming to take them up, there would be no objection to their grant to the licensees of retail vend of *ganja*.

A *bhang* complying with the definition might be supplied by the wholesale supplier of *ganja*.

451. The Committee have considered whether it is desirable to make special provision under such a scheme for legalising the import of the *bhang* at present imported at an intermediate rate of duty, but have come to the conclusion that it is not. Such a procedure would only be justified if it was shown that there was an established demand for this particular article that it was necessary to satisfy. The Committee are not satisfied on this point. On the other hand, Mr. Hare, the Commissioner of Berar, was in favour of complete prohibition of the import. Should it, however, be shown that there is such a demand, there would be no objection to special arrangements for imports being made subject to the old rate of duty of Rs. 2.

The *bhang* at present imported to be prohibited or more highly taxed.

452. The arrangements in respect of the control of *charas* are also peculiar since, while import into the Central Provinces is permitted and a rate of duty on imports is fixed, there are no provisions for the levy of duty and the privilege of retail sale is granted, as in the case of *bhang*, to the wholesale vendors of *ganja*. Nor can the Committee find any instance of import having been licensed except on a single occasion in Jubbulpore in 1879-80 mentioned in Mr. Drake-Brockman's note for the Hemp Drugs Commission. On the other hand, there is a considerable demand for the drug, especially by Kabulis and Punjabis, and one witness before the Commission estimated the consumers as ten per cent. of the Muhammadans and lower castes and eight per cent. of the rich people throughout the Provinces. Several other witnesses, including some who were abkari contractors, mentioned its import into the Province. There is also abundant evidence of illicit import. For instance in 1895 the Deputy Commissioner, Jubbulpore, reported that *charas* was supplanting *ganja* owing to the high taxation on the latter, and in the report for the same year the Excise Commissioner states—

Charas. The arrangements similar.

"*Charas* has of late been largely smuggled into the Jubbulpore City; three cases in which the quantity seized was 11 seers and 3 chhittacks were successfully prosecuted during the year. Besides this 8 seers and 2 chhittacks of *charas* were found in a railway compartment, but its owner could not be traced. The *charas* comes from Sutna, Hathras, Allahabad, and Jhansi. It is sold there at Rs. 5 per seer, and is retailed here at 5 annas per tola".* He also submitted figures showing that, while the license fees for this district had increased, between 1891-92 and 1894-95, from Rs. 19,534 to Rs. 20,152, the consumption of licit *ganja* had fallen from 127½ to 70½ seers per annum, a sure proof that the

* Excise Administration Report, 1895-96, para. 60.

licensees themselves were the persons who profited most by the smuggling. In 1897 similar smuggling into all the three northern districts was reported, and a fall of Rs. 1,309 in the amount bid for the *ganja* licenses in Saugor was attributed to the popularity of the *charas* imported from Indore, Ujjain, Gwalior and Bhopal, the import of which was stated to be increasing considerably. These imports had increased to such an extent in 1902 that the Deputy Commissioner, Jubbulpore, recommended the authorization of retail sale, but this does not seem to have been approved, and smuggling still continues in the three northern districts; while in Nagpur itself the Committee were informed that there are a number of smokers and that *charas* is regularly consumed in the quarter of the city called Jelipura. The reluctance shown in the matter of licensing the regular sale of this drug seems to have been due in part to an opinion that it is extremely deleterious and not to be admitted to competition with *ganja* if possible. If this is the reason, the Committee would respectfully submit that it is mistaken inasmuch as the difference is only one of degree, or, in the words of Mr. Lyall, which are quoted with approval by the Commission, "*ganja* and *charas* are really one, and in time, if the question be scientifically followed up, possibly *charas* will be the only form used."

453. On this understanding the Committee would recommend that arrangements should be made for import in bond by the wholesale vendor and distribution and retail vend in just the same way as has been recommended for *ganja* and *bhang*. Separate licenses may be given, as recommended by the Commission, if persons are forthcoming to take them up, but, if none are forthcoming, there would be no objection to the grant of these licenses to *ganja* shopkeepers.

454. The rate of duty has apparently been Rs. 16 a seer ever since 1881, though the Commission stated that it was only Rs. 10. This high rate offers a great inducement to the smuggler, since *charas* is chiefly consumed in the three northern districts and is produced in Gwalior, adjoining Saugor, and taxed in the United Provinces, which also adjoins it, and has shown a largely increasing consumption of *charas* of late years, at only Rs. 6 a seer, and, under the orders of the Government of India, free import of five tolas, which is sufficient for the consumption of forty-five days, is allowed. It seems to the Committee that this is a case for reducing the taxation in order to remove this incentive to smuggling. They would recommend the adoption of the rate of Rs. 6 a seer which has been recently adopted in the United Provinces, which is the rate in force in other Provinces which impose the same rate of duty as is in force in the Central Provinces on *ganja*.

455. The question of the limit of import has already been mentioned. The only other recommendations that the Committee have to make are that the preventive officers should be made acquainted with the nature and appearance of this drug, as to which several of the present Excise Inspectors are completely ignorant, and that, some enquiry should be made into the disposal of the resin that must accumulate in the manufacture of *ganja* at Khandwa. The Hemp Drugs Commission were somewhat sceptical in regard to the statement that no *bhang* was manufactured from the leaves of the plant there grown, and a similar comment suggests itself in respect of *charas*, more particularly when it is remembered that the resin accumulated in the process of manufacture is sold as *charas* in the neighbouring State of Gwalior.

456. There is no import of *majum*, and the local product is only used at the *Holi* and some other feasts. The policy recommended by the Commission in respect of the separate sale of licenses has been adopted in the case of this drug only, and 78 such licenses were in force in 1903-04. Shops for the sale of this intoxicant are an exception to the general rule that shops licensed by the Excise Department must be kept open throughout the year.

CHAPTER XI.
Opium arrangements existing and proposed
AND
CHAPTER XII.
The prevention of opium smuggling.

} Printed
Separately.

CHAPTER XIII.

Establishments.

457. It will be obvious that it is impossible for the reforms above suggested to be carried into effect without a strong and efficient Excise Department. A report of 1839 quoted by the Bengal Excise Commission compares the task set to the Bengal establishments of those days of collecting excise without excisemen to the task set of old of making bricks without straw.* The position of the present Excise Department of the Central Provinces is not dissimilar. While it has more shops in proportion to area and population than any other Province in India to control, materials for illicit distillation at hand in the hill districts in every village, and is exposed to smuggling along almost the whole of its boundary, its preventive staff is smaller than that of any Province, except Assam, and very little larger than that of a single adjacent and similar district of Bombay. It is hardly to be wondered at that nearly 40 per cent. of its shops go uninspected throughout the year, and this may be taken as a fair measure of its work in other directions.

458. Before discussing the increases necessary to place it on a proper footing it will be well to review briefly some general considerations affecting excise establishments all over India. In the first place a strong establishment is needed. The Secretary of State and the Government of India have repeatedly laid stress on the necessity for strong excise establishments, more particularly in the discussions of excise policy published with Despatch No. 29, dated 4th February 1890, and in the orders disbanding the special opium preventive force (Finance and Commerce Department Resolution No. 1095E., dated 8th March 1900). They have also invited the attention of other Governments to the advantages of the course pursued by the Governments of Madras and Bombay in this matter. Control by isolated or ill-paid officers has been repeatedly shown to be worse than useless. On the other hand, strong establishments are necessary in the interests of morality as well as of the revenue. One of the latest orders published on the subject commends the appointment of a strong staff of inspecting officers in Assam in order to check the evils of drunkenness, and declares that too great stress cannot be laid on the necessity for the strict supervision of liquor shops.† As regards revenue it is a truism to say that there is no branch of the revenue that responds so readily to efficient supervision.

459. In the second place, the Excise Department must be, in a great measure at any rate, a special department. The need for the specialization of administrative effort in many departments of Government, but more particularly in those which are concerned with industries, is one which is being increasingly recognised year by year, and is an absolute necessity if India is to maintain her place in the industrial competition of the world. It has already proceeded so far that a recent writer in the "Pioneer" compares the transition from Government by personal rule to Government by experts to that from status to contract. The same writer finds danger in the tendency in the concentration of experts in the head-quarters of the Government that results from it, and the only remedy for this would seem to lie in carrying specialization through all the grades of a department when once it is established that the District officer can no longer control it.

In the case of excise work this stage is being rapidly reached. In fact, Mr. Buckland found that in Bengal it had been reached as long ago as 1888 as will be seen from the following extracts of his conclusions recorded in that year: "Excise work, like other revenue work, becomes more and more a matter of detail if this source of revenue is to be fully worked out, and the old method of general supervision becomes superannuated."‡

* Bengal Excise Commission Report, 1883-84, para. 111.

Secretary of State's Despatch No. 65 R., dated 6th May 1904.

† Systems of Abkari Administration in Bombay and Madras, para. 63.

"Among the merits of specialization are the acquisition of greater knowledge, personal interest and responsibility, departmental zeal and energy, facility for changes and experiments, improved supervision, the instruction of executive officers."*

"It is imagined in some quarters that abkari work presents no difficulties, that there is nothing in it to know, that it manages itself, that it may be made over to subordinates, &c., &c. These views are altogether erroneous."†

"There is probably no department in which it is so difficult to arrive at the material facts, *e. g.*, the local demand, the habits of the drinking classes, their proportion to the whole population, the statistics of consumption (under certain circumstances), the course of the liquor trade, the cost of production, the profits of the wholesale and retail vendors, the effect of the land tenures of the country, the relations with other branches of the administration, the *bonâ fides* of complaints, the causes of fluctuations, the science of distillation, the management of distilleries."‡

"It is no new remark that personal rule (subject of course to law) has been found to be the form of administration best suited to India. There can be no question that an officer who exerts himself will do better work when his personal reputation and success are entirely dependent on his management of a sole charge than when he is entrusted with a number of subjects and his responsibility is shared by others. Departmental zeal requires doubtless to be tempered by discretion. But every administrator knows that, to get good work out of subordinates, it is essential to foster an *esprit de corps* and an honourable pride in the success of the department."§

"It is impossible to expect forty-five District officers to be well versed in the subject of abkari. Some of them are junior men, who have had little experience; it is not a favourite branch of a Collector's duty; he is generally overworked; so that, through one cause or another, Excise in Bengal is generally left to the care of Deputy Collectors, who have themselves had no special training. It is perhaps hardly too much to say that the Commissioners who have grown up under such a system are not in a position to give the higher authorities any help of much value. A Head of a Department possessing special knowledge and continually adding to it would soon be able to instruct the Collectors and their subordinates to a degree which has not hitherto been contemplated."||

460. The specialization so strongly advocated by Mr. Buckland is particularly necessary in two branches of the department, firstly, the technical, and, secondly, the preventive. The distilling industry is one which has made most rapid advances in recent years, more particularly where it is combined with that of sugar refining, and if, on the one hand, distillers are not to be hampered in their processes, and on the other, Government is to safely realize its revenue, it is necessary for the education of the officers in control of distilleries to show a corresponding advance. There are few District officers who understand the complicated working of a patent still, and fewer still who would be competent to say whether a particular ferment or disinfectant is liable to be noxious to health or not. Well-meaning but ignorant interference in these matters has led in more than one instance to undesirable restrictions on the trade, while the absence of control is apt to lead to the defrauding of the revenue.

461. In the matter of preventive work specialization is no less necessary. The Bengal Excise Commission in 1884 found that the police "did not understand it (Excise) thoroughly, and either often neglected it altogether or harassed people by prosecutions for trivial or technical infractions of the law."¶

To quote Mr. Buckland again, "the police have their own duties to perform, and abkari matters are affected by considerations of revenue with which

* Systems of Abkari Administration in Bombay and Madras, para. 63.

† Do. do. do. do. 60.

‡ Do. do. do. do. 60.

§ Do. do. do. do. 60.

|| Do. do. do. do. 60.

¶ Bengal Excise Commission Report, 1883-84, para. 111.

the police have no concern."* Excise work is never popular, and seldom likely to bring credit, and it is very improbable that the keenest police officer will give it the same attention as he devotes to his more legitimate work. On the other hand, it may well happen that the interests of this work are antagonistic to those of the Excise, as, for instance, in the case of *maddak khana*s which were most useful to the police for the control of bad characters, while condemned through the Excise Department for moral reasons. And again, as the Central Provinces Excise Report for 1886-87 points out, the police outposts are fixed and known, and can easily be avoided by smugglers. A reference to recent reports of the Provinces that depend most largely on the police for the prevention of offences against Excise laws shows how unsatisfactory their work is found to be in this respect. For instance, the Punjab Excise Commissioner in 1898-99 records, "I draw attention to this endeavour of the Government of the North-Western Provinces to make the police, as a body, more fully alive to their responsibilities because it seems that, if the Punjab police showed more initiative, illicit stills could hardly exist in the way they undoubtedly do exist within *thana* limits,"† and in the United Provinces the Board of Revenue records on the report for 1900-01, "The report indicates that the police generally are apathetic themselves in Excise matters and jealous of the efforts of the special officers of the Excise Department. It should not be impossible, in the opinion of the Board for those responsible for the police administration to remove both defects."‡ In spite of special orders of Government in that year the report for the year following still shows that "the apathy of the police is still commented on in some instances, as if they were a body independent of all control,"§ and that for 1902-03 states that the statistics for prosecutions are very discouraging; that there is no reason whatever why offences against the Excise laws should go unpunished; and that, if District officers had more time to devote to excise matters, or if the administration could be put into the hands of whole-time Excise officers, much better work could be obtained from the special preventive Inspectors. It may be added that the total number of prosecutions in these two Provinces together in 1902-03 was very much less than that in any one of the three older Provinces where larger special establishments are maintained.

462. The extent to which specialization in these matters has been carried into effect varies in different Provinces, generally in proportion to the age of their Administrations. Thus, while Assam is only now organising an efficient Excise Department, the Central Provinces has an extremely weak one, and the Punjab Excise Commissioner still has no powers under the Excise or Opium Acts, the latter Province and the United Provinces have carried specialization to the extent of placing Excise in charge of a special officer in each district, while Burma in regard to opium goes further still, and has whole-time Superintendents. Bengal, which has a special Deputy Collector of Excise in districts where Excise is important and a regular preventive staff in uniform in sufficient strength to prosecute three-fourths of the Excise cases sent up, marks the next stage in the development, and Bombay and Madras the last. In the latter Province, where the establishment is most highly organised, the preventive and technical details of Excise work are entirely dealt with by officers of the Salt, Abkari and Customs Department, the duties of the Land Revenue officers being practically confined to matters concerning the location and selling of shops and the collection of the revenue.

463. It may be noted, moreover, that the tendency of all Provinces is towards a greater specialization. In the Punjab, for instance, the Lieutenant-Governor's review for 1897-98 records that in no department of Government has the specialization of administrative effort been attended with more marked financial success than in the Excise Department. In the United Provinces, the Excise Preventive officer has developed since 1893-94 from an officer of inferior grade stationed at headquarters, first to a Naib-Tahsildar and later to an Excise Inspector with

* Systems of Abkari Administration in Bombay and Madras, para. 61.

† Punjab Excise Administration Report for 1898-99, para. 31.

‡ Review on the Excise Report of the United Provinces for 1900-01, para. 6.

§ United Provinces Excise Report for 1901-02, para. 32.

promotion to a Tahsildari as his goal. The report for 1902-03 expresses dissatisfaction even with this arrangement, with the significant addition that, if the administration can be put into the hands of whole-time Excise officers much better work could be obtained from the Inspectors, which may be read with the Excise Commissioner's remark, already quoted in Chapter IX, that the staff of officers of this class is 'woefully deficient,' and in Bombay this very development is now in progress, and a letter just received from the Commissioner of Customs, Salt, Opium and Abkari records that "a beginning has been made in the Khandesh district by the appointment of a special Assistant Collector with the most satisfactory results."

464. At the same time the reports seem to indicate an increasing dissatisfaction with the present system of control. As Mr. Buckland has remarked, it is of the greatest importance to diminish the number of links in an administrative chain, and an arrangement which attaches a single Darogah to a district with no place in the chain at all is liable to cause both unnecessary correspondence and waste of material. Moreover, the isolation of Excise officers, who, by the nature of their duties, require constant supervision more than those of any other department, is liable to lead to very undesirable results in other directions. In the words of the Rangoon Town Deputy Commissioner quoted in the Burma Excise Report for 1901-02, "another fatal flaw in the present system is that there is no cohesion in the working of the various establishments in different districts. They are all atoms with no connecting links. A centralized bureau is required, and until the scattered establishments are concentrated and made one force, very little can be done to improve matters. The very localization of officers tends to bribery and corruption. If the men could move and be moved freely about, the danger would be very much minimised."*

465. It may therefore be taken as established essentials of an Excise Department of the present day that it should be as strong as funds will admit and composed as far as possible of whole-time officers working as parts of a connected administrative chain. It must have sufficient special training to intelligently control the production of intoxicants, and should be strong enough in its preventive branches to control their sale and relieve the police of the bulk of the work connected with the prevention and detection of offences against the Excise law.

466. With these preliminaries the examination of the existing staff in the Central Provinces and Berar may be proceeded with. The existing Excise staff in the Central Provinces is, as has already been remarked, with the exception of Assam, the weakest of any in India, and little more expensive than that employed in a single and similar district of Bombay, and, since there is no branch of the administration that more readily reflects effective control or the reverse, there can be little doubt that the weakness of the staff is chiefly responsible for the deficiencies in the arrangements for checking undue indulgence and securing the full revenue on a fair consumption that have been noticed.

467. In considering this question of the weakness of the staff it will be as well first to touch on the position of the officer at the head of it. The Commissioner of Excise in the Central Provinces has also the control of the departments of Stamps, Income Tax and Registration of Assurances, Joint Stock Companies and Births, Marriages and Deaths, and is in charge of all work connected with Salt and the Cotton duties, for which he draws an annual salary which is shown in the India List as Rs. 18,000 as against Rs. 20,000 for the similar appointment in Assam, since abolished, and Rs. 27,000 in Bengal, the United Provinces and the Punjab, while in Bombay, Madras and Burma the appointment is merged in very much higher offices. His appointment in the Central Provinces was created under Government of India letter No. 3599, dated 2nd August 1871, by the amalgamation of those of Registrar-General of Assurances on Rs. 500 and Superintendent of Stamps on Rs. 500-50-700, with the new office of Superintendent of Opium and Excise, the actual charges on account of which thus worked out to something under Rs. 500 a month. It was

* Burma Excise Administration Report, 1901-02, para. 29.

recognized at the time that the salary was "by no means large compared with the importance of the office for which it is granted" and that "less than this will not suffice to secure the services of a selected officer," and the post was held for the first few years by comparatively senior officers, the pay of the Deputy Commissioners being then considerably lower than it is now. Three years later the Commission was reorganized and, as part of a scheme for improving the prospects of Deputy Commissioners, an amalgamation of the posts of Inspector-General of Police and Jails and Commissioner of Excise was proposed. The Government of India objected to the latter part of this proposal and suggested instead the reduction of the pay of the Excise Commissioner to Rs. 1,200, which was accepted by the Secretary of State. The pay of the appointment continued at this rate for some years, but the arrangement was not found satisfactory, even though the existence at the time of a grade of Deputy Commissioners on Rs. 1,000 still made the appointment a comparatively senior one; and Sir Alexander Mackenzie, in making proposals in 1890 for a further partial reorganization of the Commission, suggested the abolition of the Excise Commissionership as a separate appointment altogether, remarking that "an officer of this standing is hardly competent to act as head of a department, criticising and controlling the proceedings of Deputy Commissioners much senior to himself, and there is not unfrequently considerable friction arising from this cause." He accordingly proposed to transfer the duties of the Excise Commissioner to the Commissioners of Divisions and the Revenue Secretary, respectively. Sir Antony MacDonnell in a subsequent note on the same proposals, however, preferred to retain the appointment with unaltered pay and duties, though he added that, if money were available, he would propose to amalgamate it with that of the Inspector-General of Prisons. The continuance of the appointment on Rs. 1,200 was therefore recommended by the Government of India and sanctioned by the Secretary of State, and, as the same sanction covered the abolition of the lowest grade of Deputy Commissioners, the Excise Commissioner, though holding appellate authority from them, became junior to them all. Three years later, however, Sir Antony MacDonnell proposed some further changes in the Commission and among them that the pay of the Excise Commissioner should be increased again to Rs. 1,500, or the pay of a Deputy Commissioner of the lowest grade, remarking that "otherwise the Chief Commissioner will find it impossible to secure for any length of time the continuous service of an experienced officer in this important post. It is a post in which continuity of service is most desirable." The scheme was not sanctioned at the time and the proposal was renewed in 1897, when it was pointed out that, since the abolition of the Rs. 1,000 grade of Deputy Commissioners in 1891 had made Rs. 1,333-5-4 the minimum pay of a Deputy Commissioner, the post had become "unattractive to any officer who had the prospect of holding a district and, in consequence, since November 1891, the office has been held by no less than eleven officers, who have thus occupied it for less than six months on an average." Sir Charles Lyall continued "it is needless to point out how detrimental such an arrangement of salaries must be to the efficiency of work in the departments which the incumbent controls. The annual revenue under these several departments has exceeded, in each of the last two years, 50 lakhs of rupees and there are, chiefly in the Excise Department, many important questions pending which demand great knowledge and experience, besides other qualifications, for their solution." He therefore added to the proposal that the initial pay of the post should be fixed at Rs. 1,500, a further one to the effect that the incumbent should not be required to vacate it until he became entitled to a permanent Deputy Commissionership of the second grade. His proposal was sanctioned by the Secretary of State in 1897, and the arrangement proposed has continued in force ever since. Even this arrangement, however, has not proved satisfactory. It has been seen that the objects of all the changes made have been to secure an officer of sufficient standing to control the proceedings of Deputy Commissioners, who will remain in the appointment contentedly for a long period and possess the special knowledge and ability requisite for the control and development of a revenue which now amounts, if the earnings of all the several departments are added together, to 81 lakhs of rupees, or as much as the total land revenue of the Central Provinces. The arrangements have failed in

all these respects. The post, which involves incessant railway travelling at considerable personal loss, presents no attractions as compared with the charge of a district, and the old difficulty that no incumbent who is senior enough to hold charge of a district cares to remain in it continues unchanged. As a consequence, a majority of the incumbents have been selected from among the senior Assistant Commissioners who, whatever their ability, have not had time to acquire the knowledge necessary for the control of the department or the standing necessary to justify their controlling the policy of Deputy Commissioners or acting as appellate authorities from their decisions. They have almost invariably left the appointment as soon as a district was open to them, and the effect of this on the much-needed continuity of tenure is seen from the fact that there have been twenty Excise Commissioners in the past ten years. These changes, in the words of Sir Andrew Fraser's review of the Excise Report for 1899-1900, "are altogether incompatible with the sound administration of the department and are inconsistent with the principles which led to the present constitution of the appointment." It has only to be added that the addition of the work relating to Berar, which has different systems of administration in force in almost every one of the departments concerned and increases the total revenue under the Excise Commissioner's control by nearly 32 lakhs of rupees, has largely increased the difficulties of the situation.

468. The next official of the Excise Staff is the Darogah or Inspector, the intermediate or alternative control being vested in Deputy Commissioners of districts. There is generally one of these men to a district, but large districts, such as Raipur and Chanda, have two. They are subject to the dual control of the Excise Commissioner and the Deputy Commissioner. They are poorly paid, as is remarked in the report for 1902-03, and difficult of recruitment, since the post leads to nothing, and no man who has a Tahsildari in prospect will accept it. They have little or no power. To quote the report for 1886-87, "the Excise Darogah cannot be in several places at once, and he presents a forlorn enough figure riding forth on his pony to seek and encounter the foes of the revenue with the aid of a single peon."* On the other hand, this very isolation tends, as has been seen, to render them open to great temptation, and, in the words of the Excise Commissioner for 1890, "it argues a strong belief in the essential rectitude of human nature to believe that they do not at times sacrifice the interests of Government to their own profit."† As a consequence they are by no means a satisfactory staff.

Mr. Mayne, Excise Commissioner in 1895, tells the following instructive story of one of them : "In August 1895, when officiating as Commissioner of Excise, I went to inspect the Sambalpur distillery. The Excise Inspector was one of the old school. He assured me that he frequently checked the strength of liquor, but I had my doubts, so required him to take the strength of some in my presence. The distillery mohurrir attempted to whisper instructions to him, but I turned him out of the room. The Inspector then took the brass hydrometer and put it into the glass of liquor upside down. He tried weight after weight, but none appeared suitable, for as each was put on it slipped off the stem of the hydrometer and fell to the bottom of the glass, that pattern of hydrometer not being adapted for inverted use. When his last weight had fallen off he said regretfully that he must give it up as it did not work that day (*aj nahin chalta*)."

It is fair to say that there are no men of this class now in the department, but there are equally none who are competent to take charge of an up-to-date distillery, and the Excise Commissioner for the year just closed concludes his report with the remark "I am still most dissatisfied with the work of the District Excise Inspectors; they are for the most part indifferently educated, have entered on their duties without any previous training, and have acquired only a most superficial knowledge of routine work; it is a surprise to me that some of them are as efficient as I find them to be." The chief record of their work is a voluminous monthly diary submitted through the Deputy Commissioner to the Excise Commissioner. It is seldom that Deputy Commissioners make any comments on these documents and by the time they reach the Excise Commissioner it is too late for any action by way of control.

* Report, para. 127.

† Letter No. 258, dated 13th February 1890.

469. The officers next in rank are the mohurrirs. These are of three classes,
The mohurrirs. Sadar Distillery mohurrirs, paid from Rs. 20 to Rs. 35,
 Bonded Warehouse mohurrirs, paid at the same rates, and
 Sadar Excise mohurrirs graded irregularly on Rs. 20, Rs. 15 and Rs. 12.

The temptations to which the Sadar Distillery mohurrirs are exposed have already been discussed, and it has been seen that they have not always risen superior to them. The post is not one that has any attractions apart from these temptations, nor does it fall into any regular chain of promotion. Mr. Cleveland as Excise Commissioner recorded a strong opinion that a promoted mohurrir made a useless Darogah. The same remarks apply to the case of the Bonded Warehouse mohurrirs, with the additional force that is derived from the fact that their stations are generally more distant from any controlling officer. The Sadar Excise mohurrirs are in a still more anomalous position, being classed as Excise officers, but having for their duties purely clerical work in Deputy Commissioners' offices. The whole position is adequately summed up in the following extract from a recent circular of the Excise Commissioner: "There is no continuity in the service of the subordinate Excise staff or in their promotion. Mohurrirs of all three classes are constantly being placed by the Deputy Commissioners concerned in higher paid district posts, candidates of whom the Commissioner of Excise has no knowledge being appointed to act for them. The Commissioner of Excise consequently ceases to have any direct control over his subordinate staff, which tends to result in a want of efficiency. The evil is most noticeable in the case of Sadar Excise mohurrirs. Many of these are at present on deputation in higher paid posts in the English or vernacular offices of districts, such promotions being often made by Deputy Commissioners without any intimation being given to the Excise office. Under such a system there can be no hope of obtaining a properly qualified staff of men in the lower grades of the Excise Department, who would later on be competent to fill the higher grades of mohurrir, or the posts of Sub-Inspector or Inspector of Excise."*

It only remains to add that the appointment of one of these mohurrirs on Rs. 30 a month to the sole control of the Khandwa *Ganja* Godown, the average duty value of the contents of which amounts to as much as four and a half lakhs of rupees, appears to the Committee a most unsafe proceeding.

470. The only other preventive staff under the control of the Excise Com-
The staff for control of the ganja harvest. missioner is that entertained annually for the supervision of the harvesting of the *ganja* crop. It consists of four supervisors on Rs. 20 each, an assistant mohurrir on Rs. 12 and twenty-five peons on Rs. 6 each. The latter is only two rupees more than the wage of unskilled labour, and is insufficient to secure the services of honest men for temporary work. Even if it were sufficient, the men are too few to control the scattered cultivation at present practised. In 1902-03, when cultivation was greatly reduced, there was only one peon to a village and one supervisor to every six.

471. The constables attached to distilleries are neither better nor worse than their fellows. Some have been convicted of frauds on the revenue. That the others fail to prevent them is a fault rather of the system than of individuals. The commonest remark recorded of them on inspection is that they have been found asleep.

472. The departments that render assistance are chiefly the district officers, Tahsildars' offices and the police. As regards the former
Departments that render assistance. Deputy Commissioners. the Committee will confine themselves to two quotations from recent reviews. The Chief Commissioner in 1896-97 records that "Excise is not a subject which, as a rule, inspires much enthusiasm, and it is too apt to be neglected," and the Commissioner of Berar in the same year states that "district officers still seem to look upon Excise revenue as a matter outside their special sphere of duty." This very unattractiveness of the subject seems to the Committee to be one of the strongest arguments in favour of specialization, since in a multiplicity of duties it is only human nature to give the least attention to the least interesting.

*Excise Commissioner's circular letter No. E. 64, dated 17th February 1904.

The system of *mahua* weighments by Tahsildars and their subordinates has been shown to be burdensome and unsatisfactory, and their control of opium and of the cleaning of *ganja* to be capable of improvement. As regards their inspections and the like, the commonest remark found in the reports is that they are perfunctory and show a want of interest in the subject.

The transmission of warehouse collections by the police has been ordered to be put a stop to. The special detective force has been discussed. As for the ordinary police, the chief thing to be said is that they have not, and cannot be expected to have, any special knowledge of excise or any special interest in the subject, and that the extent of the attention that they give to it depends directly on the individuality of the District Superintendents. The following are a few extracts from the reports showing the attention they give to the matter :—

1876-77. "The police generally, except in those districts where the District Superintendents take an active interest in the matter, do not exert themselves in the detection and prosecution of breaches of the Excise laws. They look upon this work as something beyond their ordinary duties, but are glad to receive the rewards in those cases where they obtain full information from outsiders."

1877-78. "The police generally seem to be equal to the task of 'running in' a vendor who has not his signboard displayed or who sells after hours, and but seldom of their own motion attempt much more."

1880-81. "Some Deputy Commissioners complain of the difficulty they find in getting the police to give their attention earnestly to the suppression of smuggling. They have a tendency to confine themselves to "simple breaches of our somewhat elaborate rules," to which class the great majority of prosecutions belong."

1886-87. "The police, it is true, can give him (the Darogah) some assistance ; and the Deputy Commissioner of Narsinghpur attributes the increase in the number of convictions in 1886-87 to the help they gave, but their outposts are fixed and known, and can be easily avoided by professional smugglers."

1894-95. "The subordinate officers of police find it to their advantage to leave the professional smugglers alone."

1895-96. "The police had been far too apathetic." "We have hardly any special preventive establishment, and for some reason or other excise matters are considered to be an 'optional subject' by the ordinary Central Provinces policeman."

It is fair to say in the year following an improvement is recorded as the result of direct orders of the Inspector-General, but in the next two or three years it appears that, owing to the famine, the police had little time to devote to the matter, and the report for 1901-02 records a decline in the police efforts in Hoshangabad. The Excise Department is fortunate at present in the fact that one of the ablest of its former Commissioners is now holding the appointment of Inspector-General of Police, and police prevention is therefore as effective as it is ever likely to be, but the Committee believe it will never cease to be, to use Mr. Cleveland's own expressive phrase, an "optional subject," as indeed is suggested by the report for 1903-04, which shows that "the numbers of prosecutions show extraordinary variations from district to district, and in most cases appear to be quite incommensurate to the number of excise offences which it is only reasonable to suppose must be committed." Whereon the Chief Commissioner has remarked that "in many districts no serious attempt is made to enforce the law."

The village officers give little assistance. This may be a consequence of the Malguzari system, but is in marked contrast to the practice of other Provinces.

473. The Berar staff, prior to the amalgamation, was organized on a much sounder basis. The head of the department was the Inspector-General of Police, Excise and Registration, one of the most senior officers of the Commission, and Colonel Warren Hastings, who held the appointment at the time of the amalgamation, had been in charge of it continuously for eight years. Under him was a Personal Assistant, who shared

the duties of inspection with him. In each district an Assistant Commissioner was put in special charge of excise matters, and there was a Sub-Inspector appointed to each taluq of the Contract Distillery districts, and an Inspector on Rs. 100 to each distillery.

474. The weak points in the arrangements were, as has been seen, in the posting of very poorly paid officers to the control of depôts, who in consequence could not be entrusted with the keys, and the absence of any control in the out-still areas. It is also a remarkable commentary on the efficiency of police prevention in excise matters that, though in this case the two departments were controlled by the same officer, the special excise staff in the year of their first appointment to two districts only were responsible for three-fourths of all the cases detected in Berar.

475. Particulars of these two staffs are exhibited in Statement XXIV. The total cost of the excise establishments in the two Provinces according to the Budget estimate for 1904-05 amounted to Rs. 69,207, to which may be added Rs. 4,200 for police guards at distilleries, making a total of Rs. 73,407 or, 1·5 per cent. of the total collections (Rs. 48,25,704).

476. In making proposals for replacing this establishment by a more efficient one the Committee propose to deal with the matter, as in the case of those for the introduction of the country spirits arrangements, under the two heads of 'ultimate' and 'immediate'; the ultimate development being that at which it is hoped the establishment will arrive when the scheme suggested has been fully brought into force and the immediate one that which is necessary to bring it into force at all. The ultimate development in this case, however, appears to the Committee to be so remote that they propose to deal with it very briefly.

477. It has been seen in the general considerations at the commencement of this chapter that the most satisfactory ultimate development of an excise establishment is its organization into a separate department, and practical separation, in so far as preventive and technical work is concerned, from the ordinary establishments that deal with Land Revenue and Police work, respectively; in other words, a department on the Madras model. To see whether this is feasible it is necessary first to consider the funds that are likely to be available. The present excise revenue of the Provinces is 48 lakhs, and recent increases indicate an abnormal return to prosperity such that, if the present rate of development were continued, the revenue would double itself in eight years. Though this is doubtless too much to expect, there are industrial developments in progress which indicate that the increase is likely to be more than normal for some time, since it is always an industrial population earning high wages that contributes most largely to the excise revenue. It would seem safe to assume therefore that by the time the scheme has been fully brought into force the Province will at least yield the revenue per head now paid by the subjects of other Governments that use similar systems. At the present rate per head in Madras, which takes very little opium or *ganja*, the Province would yield Rs. 51,33,411, at that of Bombay Rs. 76,01,397, and at that of Mysore, whose systems correspond in more respects than those of any other Government to those suggested, Rs. 87,53,125. In these circumstances it seems to be a fairly safe assumption to suppose that the excise revenue of the Central Provinces and Berar by the time the system is fully in force will be somewhere about 70 lakhs.

478. As to what is a legitimate percentage of expenditure to revenue, the practice of the Provinces varies almost directly with the degree of specialization that has been carried into effect, if the time given by the ordinary Land Revenue Department to Excise is left out of account. Accordingly the percentages of the United Provinces and the Punjab, where the bulk of the work is done by the District officers, are very low, those of Bengal and Bombay are higher, and that of Madras highest of all, with the exception of Burma, which employs a large establishment in connection with opium. The percentages for these last four Provinces, on the figures of 1902-03, were 4·9, 4·4, 6·2, and 7·8,

respectively. On these figures an allowance of five per cent. seems fairly reasonable. The percentage of cost of collection to revenue collected in the Land Revenue Department of the Central Provinces according to the Civil Budget estimate for 1904-05 is 23.315.

479. Five per cent. on 70 lakhs amounts to Rs. 3,50,000, which is sufficient to pay for an efficient department. The unit of one on the Madras model would be the Sub-Inspector, a peripatetic officer, who, with a small party of peons, would attend to control of shops and prevention of offences in a given area. Roughly the Committee estimate that at least two of these officers would be required for each of the 83 tahsil or zamindari areas that at present go to make up the Central Provinces and Berar, that is, 166 in all. Each Sub-Inspector would require at least two peons. For warehouses officers of similar rank are proposed, each with one peon. The number required, supposing that thirteen areas are left under out-stills and five to be supplied direct from distilleries would be 65. These 231 men might be graded from Rs. 30 to Rs. 70, the numbers being so distributed as to make the average pay about Rs. 40, and their peons from Rs. 7 to 8, two-thirds of them being paid at Rs. 7. The total cost of this part of the establishment would then amount to Rs. 1,47,372. To this might be added Rs. 1,068 for payment of temporary men to replace permanent hands posted to control of the *ganja* harvest, making Rs. 1,48,440 in all.

480. For control of distilleries and the *ganja* godown it is estimated that about six officers of a higher class would be required, since only large distilleries are likely to be instituted. The Committee would moreover recommend, as a check on the smaller ones, the introduction of a rule similar to that in force in the Madras salt factories, *viz.*, that in any case where the establishment charges amount to more than 10 per cent. of the duty on the issues they should be charged to the distiller. These officers might be termed Assistant Inspectors and paid three at Rs. 100, two at Rs. 125, and one at Rs. 150, each being given two peons on the same pay as above. The cost of the salaries of the officers of this rank would thus amount to Rs. 9,456.

481. Repeated stress has been laid on the necessity for constant inspection and control of excise work. For control of the officers above indicated the Committee would propose the appointment of Inspectors paid from Rs. 200 to Rs. 300. Roughly speaking, each of these officers could cover an area of about 5,000 square miles. There would therefore be required some twenty of them in all. They might be graded so as to bring out their average pay to about Rs. 225. They would each require two clerks on Rs. 25 and Rs. 15 and three peons graded as above. The total cost on account of salaries for officers of this rank would then amount to Rs. 68,880.

482. To relieve Deputy Commissioners of control of the Inspectors, the Committee would recommend the appointment of Assistant Commissioners of Excise, who would stand in something the same relation to the Deputy Commissioners as the District Forest Officers do. It would probably be sufficient to have three of these officers, two to be localised for control of groups of districts on the east and west, and the third to act as Personal Assistant to the Excise Commissioner, and share with him the control of the Central Division. For the purpose of estimating the pay of these officers it has been assumed that one would be an Assistant Commissioner of the Commission of any grade with a local allowance of Rs. 100 a month, thus providing for the training of junior officers for the post of Excise Commissioner, and that the other two posts would be filled either by promotion of deserving Inspectors, or, possibly, by the appointment of an expert in distillery matters. For this purpose their pay has been assumed at Rs. 500, rising by increments of Rs. 25 to Rs. 700. Two of these officers would require an office staff of three clerks on Rs. 40, Rs. 25 and Rs. 15 (the third being attached to the Excise Commissioner's office would not need this), and each would require three peons. Exchange compensation allowance would be required for at least one officer. The total cost on account of salaries for officers of this rank would thus amount to Rs. 24,947.

483. Deputy Commissioners would also require one clerk on Rs. 20 each to deal with the accounts relating to the collection of excise revenue, one-third of whose pay might be debited to the other branches of separate revenue, which they would also deal with. The charges on this account would amount to Rs. 3,840.

Excise clerks for Deputy Commissioners.

484. As regards the officer to be appointed to the post of Excise Commissioner, the Committee cannot do better than repeat Mr. Craddock's suggestion which has already been quoted. He "should be a somewhat senior Deputy Commissioner with an allowance added to his grade pay as Deputy Commissioner." In fixing the allowance and other incidents of his appointment they would suggest that the general rules and principles laid down in respect of the very similar appointment of Director of the Department of Land Records and Agriculture should be taken for guidance, *viz.* :—

"(1) The Director will draw the pay, substantive and officiating, of his contemporary, *i.e.*, the officer next below him in the regular line ;

(2) he will receive Rs. 250 a month special allowance, provided that—

(3) the maximum salary drawn, including pay and special allowance, will not exceed Rs. 1,800 ;

(4) no monthly travelling allowance will be permitted. Special travelling allowance under the ordinary rules will be granted, the daily rate being fixed with reference to the circumstances of the Province concerned."*

The Committee believe that these conditions are as essential in the one case as in the other to secure an officer of special training, aptitude and experience, who is at the same time sufficiently young and active to endure the continual travelling required. They would, however, suggest one modification in the conditions, *viz.*, that the maximum pay that the Excise Commissioner should be permitted to draw before quitting the appointment should be raised to the actual pay of the similar appointments in Bengal, the United Provinces, and the Punjab, *viz.*, Rs. 2,250 a month. His office staff would continue as at present with the exception of the fact that the Superintendent would be replaced by the Personal Assistant above proposed. The charges on this account, including exchange compensation allowance, would amount to Rs. 32,660.

485. The further provision on account of uniforms, travelling allowances and contingencies is more difficult to estimate. The Committee would recommend that the whole department organized on this basis should be put into a simple uniform as in Madras and Bengal, and that all officers above the rank of peon should be required to provide their own uniforms. The charges for 469 peons at Rs. 20 per head would amount to Rs. 9,380. Sub-Inspectors on the pay allowed would not need travelling allowances within their ranges. Inspectors might be paid Rs. 3 a day, Assistant Commissioners Rs. 5, and the Excise Commissioner Rs. 7-8-0. A rough estimate of the charges under this head would thus amount to Rs. 21,100.

486. The sum required for contingencies is estimated to amount to about three times the present actual expenditure, or Rs. 19,400 in all. The total charges, debitable to Excise, and omitting charges debitable to '18 G—General Administration' and to other branches, of which fuller details are given in Statement XXV of the appendices, would thus amount to Rs. 2,97,443 per annum, or 4·2 per cent on 70 lakhs.

487. But, as was said at the outset, the establishment thus sketched can only be a very ultimate development. For the present the revenue, in the first place, puts it out of the question. If technical control is to be effectual, there can certainly be no reduction made under that head, and if effectual steps for the prevention of offences are to be taken in a country which abounds with shops as well as with facilities for illicit distillation and smuggling of all kinds, it is out of the question to post a Sub-Inspector to a charge of more than 500 square miles. Indeed, this is a much larger area than that controlled by similar officers in Bombay and Madras. But, if these estimates are allowed for, while the total charges are limited to five per cent. on the present revenue, there is very little balance left for control. At the same time, there is a strong body of opinion among

But this staff is out of the question at present.

* Government of India Circular No. ^{69-R.} 57-6, Revenue and Agriculture Department, dated 12th October 1889.

the District officers, as will be seen from the record of the Committee's

And the Collector's control must be maintained.

meetings with them, that, for the present at any rate, the control of the department should be left to the Collector, and the Chief Commissioner, in an informal discussion of the matter with the President, has expressed himself even more strongly to the same effect. In these circumstances the Committee have set themselves to examine the systems of other Provinces, so far as they are available to them, to find one that provides for the maintenance of the control of the District officer while also providing for the adequate prevention and technical control which they regard as essential.

488. The system which most readily effects this compromise appears to be that in force in Bengal, where adequate technical establishments are maintained together with a preventive force of sufficient strength to take three-fourths of the prosecutions out of the hands of the police. The control continues with the Collector, but, to ensure its being adequately attended to, the special charge of Excise is entrusted to a particular Assistant in each district. In districts where the revenue is large a whole-time officer is employed. This is a system which the Committee think may well be tried at the outset in the Central Provinces and Berar, being in fact in many respects identical with that now in force in the latter Province.

The Bengal system recommended.

489. To go into details, the unit of the system will, as before, be the Sub-Inspector. As to the exact number of these officers required for preventive work, the Committee think the local officers should be consulted. For the present purpose the former estimate of two to each tahsil or large zamindari area with two peons for each may be roughly adopted. For warehouses similarly there will be no change. In the case of distilleries it will of course not be possible to reduce the number at work to five immediately, and some additional Assistant Inspectors may be required for the first year or two. But each additional distillery opened will mean a warehouse the less, so the additional expense will not be large. Allowing for the replacement of two Sub-Inspectors by Assistant Inspectors, the charges on these accounts would amount to Rs. 1,57,728.

Cost of an establishment on the Bengal model. Sub-Inspectors and Assistant Inspectors.

490. The detailed control of these officers would lie with the officer in charge of Excise in each district, subject to the orders of the Deputy Commissioner. It would be incumbent on him to tour for the purpose of enquiring into Excise matters whenever his other duties permitted, and, when he was a whole-time officer, to tour continuously. In selecting the districts to which whole-time officers should be appointed, the Committee would follow the method adopted by the Bengal Excise Commission and base the classification roughly on the revenue. There are two districts paying five lakhs and over, two between four and five, six between two and four, and fourteen paying less than two. The Committee would recommend for a commencement that a special officer be appointed to each of the ten districts that pay two lakhs or more. The charges on account of these, at the average rate of pay of an Extra Assistant Commissioner in the Central Provinces, would amount to Rs. 44,040.

Officers in charge of Excise.

491. As regards the clerical work of the Deputy Commissioners' offices the Committee would recommend that the present ill-paid mohurrirs be replaced by a single clerk on Rs. 20 in each office, except in districts to which a special officer is appointed, in which two clerks on Rs. 25 and 15 might be given so as to enable him to take one with him into camp. These officers would also require three peons apiece. The total charges under this head would thus amount to Rs. 10,800, but, as the higher paid clerks proposed could well deal with work connected with Income-tax and Stamps as well as Excise, at least one-third of their pay might well be debited to these branches, thus reducing the charges to Rs. 8,080.

Clerks for Deputy Commissioners' offices.

492. For control of distilleries an officer with more technical knowledge would be required. For this purpose it is proposed as before to replace the Excise Commissioner's Superintendent by a Personal Assistant, who might be paid Rs. 500—25—700. He also would require three peons. The charges under this head would amount to Rs. 7,914.

Personal Assistant to the Excise Commissioner.

493. For control of the *ganja* crop at least six temporary Sub-Inspectors for Special staff for control of the *ganja* harvest. three months with an orderly of four peons each should be appointed. The men posted to this work should be drawn from the permanent staff and their places filled by acting men. The total charges on this account would amount to Rs. 1,068.

494. The proposals as regards the Excise Commissioner and his office Excise Commissioner. staff would remain unaltered. The Committee would add the suggestion that no officer should take up the appointment except on the understanding that he should continue in it for at least two years without taking any leave except sick leave.

495. In proposing these arrangements the Committee have discussed the A possible extension of the scheme by amalgamation of duties. question of establishment in so far as it concerns Excise alone. It hardly comes within their province to propose arrangements touching the establishments of other departments, but they think it well to add that, if it should be found feasible to combine the duties of the special officers above alluded to with those concerned with Stamps and Registration, for instance, the combination might be found to result in administrative efficiency at the same time that, by distributing the cost, it would facilitate an extension of the scheme to districts whose revenue does not now justify it. A proposal for such an arrangement was made by Mr. Priest as Excise Commissioner as long ago as 1890. It met with little support at the time, chiefly by reason of the fact that the Circle Inspectors of Excise, Registration and Stamps whom he wished to create would have been poorly paid officers and independent of the Deputy Commissioners whose work they would have been in a position to criticize. But a perusal of the opinions recorded suggests that the reception the proposal met with would have been very different if it had provided for treating the new officers as part of the district staff. Whether such an amalgamation is carried into effect or not, the fact of the control of the departments of Excise and Registration being vested in the same head offers facilities for recruitment and distribution of men to the work they are best suited for that neither department would give singly.

496. If Sub-Inspectors are given no travelling allowances within their Travelling allowances and contingencies. ranges and peons no uniform, the charges under miscellaneous heads under this scheme will not be very large. An estimate of their requirements based on the expenditure of other departments in the Province that work under similar conditions amounts to Rs. 22,000.

497. The total cost, debitable to Excise, of these proposals, which it will be Total cost of the proposed immediate establishment. seen coincide in their main aspects with Mr. Craddock's suggestions quoted in Chapter VI above, and which have been generally accepted by all the local officers consulted, is exhibited in full in Statement XXVI of the Appendix, and amounts to Rs. 2,32,830, or nearly 4·8 per cent. of the revenue of 1903-04 of Rs. 48,25,704.

498. In the above proposals the Committee have made no special Additional establishment for the control of the tree-tax system. provision for the appointment of officers to control the working of the tree-tax system, for the reason that they have only suggested its trial in one district as an experiment, which, if it succeeds, will cover the cost of its working many times over, and, if it fails to do so, will carry its own condemnation. Nor do they propose the employment of a large additional establishment for the purpose of the experiment suggested in the Amraoti district. The bulk of the marking work will come in four months of the year, March, April, May and June, and the Committee would recommend that, for the purpose of the experiment, the staff of each of the four taluqs in the district should be strengthened for these four months by drawing off four Sub-Inspectors with their peons from other taluqs in Berar, where they can most easily be spared. This ought not to be difficult to arrange, as the Berar taluqs, being smaller than the tahsils in the Central Provinces, will be comparatively strongly manned. For control of the operations the Committee would suggest the appointment of an Assistant Inspector and two peons, who might be employed the whole year round for the purpose of checking infractions of the rules, keeping the accounts, and making himself thoroughly informed as to the conditions of the industry. Provision has been made for this addition in Statement XXVI.

499. In both the above schemes the Committee have taken into consideration only the Excise work done by the existing Excise establishment. If, however, as the District officers proposed and as the Committee also think is only right and proper, the Excise Department is to take over the control of opium smuggling, a considerable increase will be required, the charges for which, they respectfully submit, would be rightly debited to Imperial instead of to Provincial inasmuch as the protection afforded on the Nerbudda border is afforded not only to the Central Provinces and Berar but to many other Provinces besides. Should it be desired that the Excise Department should control this smuggling, the Committee would recommend that it should be done by an extension of the principles above indicated; that is to say, by the addition of a third preventive Sub-Inspector with two peons in each of the tahsils of Saugor, Hoshangabad, Narsinghpur and Nimar that borders the Central India Agency, and by giving a full-time Excise officer with the same provision of clerks and peons as for the districts paying a revenue of two lakhs and over to each of those districts, which are not, on their present revenues and at the standard above taken, entitled to it. At the same time the officers posted at the stations of Bina, Itarsi, Hoshangabad and Khandwa should be replaced by Sub-Inspectors, and the Excise Commissioner should be given a reserve, say of two men, to fill the places of Sub-Inspectors deputed on opium enquiries. But it would be much to be preferred in all cases that the full-time Extra Assistant Commissioners in charge of Excise, if they are appointed, should make these enquiries so far as possible themselves. The total cost on this account would amount to Rs. 30,384, less Rs. 640, the provision made for clerks in Deputy Commissioners' offices in the districts named on the assumption that no full-time officer would be appointed. The net extra cost would thus be Rs. 29,744.

Assistance to be rendered by other departments. 500. It will be well to conclude with a brief notice of the assistance that the department so revised would need from other departments of Government.

As regards the Land Revenue Department, it would be under the direct control of the head of it in each district through the officer in charge. As in Bengal, this officer would ordinarily conduct all correspondence relating to Excise on behalf of the Deputy Commissioner, though he would of course take his previous orders on all matters of importance. It would be necessary to arrange that he should never be put in charge of the treasury or of magisterial work such as would interfere with his freedom of locomotion; that he should not be changed without the consent of the Excise Commissioner, and that he should tour regularly, the Bengal minima being 150 days for a full-time Excise officer and 90 for an officer who has other duties as well. The only other suggestion that the Committee have to make in connection with Deputy Commissioners' work is that the rule requiring the Chief Commissioner's sanction to all sales of immoveable property should be abrogated.

The duties of the tahsil establishments would, in the main, be limited to the collection of the revenue, but they would render all necessary assistance to the Excise officers when called upon.

It may be well to repeat here that the Committee propose that they should be relieved of duties connected with the warehousing of opium as well as with that of liquor. As this involves a somewhat radical change in existing arrangements it will be well to explain the reasons for the proposal in somewhat more detail. On general grounds it is obviously desirable that, as soon as the specialized Excise Department is strong enough to take over these duties, which are no part of the Tahsildar's legitimate Land Revenue work, they should do so. In the particular circumstances of the Central Provinces it has been seen that the present concentration of work in one establishment has several times resulted in frauds in connection with Excise articles. It is proposed to increase the work both in connection with opium and *ganja*, in the former instance by requiring strings to be passed through the cakes and sealed, and all the seals to be subsequently accounted for, and in the latter by making issues in boxes of fixed weight on behalf of Government.

Additions necessary if the Excise Department is to undertake control of opium smuggling.

The Land Revenue Department. Deputy Commissioners.

Tahsildars.

The proposed relief of the Tahsildars of duties connected with opium and *ganja* more fully explained.

The latter may need considerable attention for a time to ensure that the drugs do not deteriorate in the damp weather. Such checks as that proposed on the seals on strings through opium cakes are worthless unless they are absolutely complete, and the Tahsildars have not the time to make them so. It is obvious that it is desirable to relieve them of their duties in connection with Excise if the duties can be as well done by the Excise staff. At first sight it appears doubtful if they can be as well done by the Sub-Inspectors, who will be officers of a much lower class than the Tahsildars. But the Committee rely not so much on them as on the incessant control and check of their work by superior officers of their own department. They would propose, for instance, to entrust the sealing of the cakes only to officers in charge of the Excise revenue, to supply these officers with lead seals with a special die to be kept under lock and key, and to make them account for every seal used. Similarly they would look to them to establish, by constant stock-taking, an accurate scale of wastage of all intoxicants so as to give no opening for fraud on that head, and, by being in constant communication with shopkeepers, to ascertain that their interests were properly served. It may be further urged in support of the proposal that, whereas the Tahsildars have more than enough to do as it is, the Sub-Inspectors, if their duties are confined to liquors and head-quarter inspections, will have less than a full day's work, and, lastly, that the payment of money into one office and the issue of the articles paid for from another will give the Excise Commissioner two absolutely independent sets of accounts for comparison, which is the most satisfactory means of prevention of fraud existing.

The police so far as possible will be relieved of responsibility for control of shops and prevention of offences against the Excise law; and their duties should in the main be confined to matters connected with the maintenance of the public peace, and they should be instructed to report offences against the Excise Act to Excise officers. As regards opium cases, the Act requires that the reporting and prosecution should be done by them, and, so long as that continues to be the law, all opium cases must continue to be reported through them. The officer in charge of Excise in each district should, however, be kept fully informed as to the nature and progress of such cases. The responsibility of the village officers in Excise matters should be much more strictly enforced than at present. The practice of the Punjab and Madras Governments in this matter may be commended to the notice of the Deputy Commissioners. Under the former, under a circular printed at page 25 of the Punjab Excise Pamphlet, a lambardar who makes no attempt to suppress or inform against a still working in his village is liable not only to dismissal but to escheat of the lambardari claims of his family. The following extract from the Madras Excise Manual defines the extent of co-operation required both of village heads and the police in a manner which the Committee would recommend for adoption :—

“Collectors should issue orders to heads of villages requiring them to exert themselves and assist the abkari officials, and should enforce their responsibility for suppressing illicit distillation by the dismissal of a few of those in whose villages illicit stills are discovered without their aid.

“The District police will aid the abkari preventive force in the detection and punishment of breaches of the abkari law by reporting all cases that come to their notice in the discharge of their ordinary police duties as well as by reporting the heads of any villages in which illicit distillation or other abkari offences are known or commonly reported to be rife. It is not intended that the District police should neglect their ordinary duties to hunt up abkari cases, but that they should let it be seen and understood that they are ready and willing to co-operate with the abkari officers as far as it is in their power to do so.”

501. As the Department will continue under the control of the Land Revenue authorities, it is unnecessary to add any special suggestions as regards recruitment, control, and the like. It is sufficient to say that health and activity should be a *sine qua non* of appointment to an Excise office. As regards appointments and promotions, it would be advisable, with a view to an ultimate development into a self-contained Excise Department and to ensuring that the men continued on Excise duty all had a fair prospect of steady promotion, to put all the technical and preventive

Recruitment and promotion of the Excise staff.

officers on to one graded list, in which the Excise Commissioner would fill up the vacancies periodically, with reference to the recommendations of the Deputy Commissioners. The Deputy Commissioners should have power to transfer, grant privilege leave, and fill privilege leave vacancies within their districts, but should not be allowed to remove men from Excise to other duty without the consent of the Excise Commissioner. The District clerical staffs, on the other hand, should be treated as part of the Deputy Commissioners' offices, and the Excise Commissioner should have no concern with them beyond providing for their pay in his Annual Budget. An exception to this rule might be made, however, in the case of districts with full-time Excise officers, where the clerks specially attached to these officers should be taught to look for promotion in the head office or as Sub-Inspectors. It may be mentioned that these proposals are in a great measure on the lines of some already made to Deputy Commissioners in a circular already quoted above, which have been fully accepted by a large majority of them.

502. A few additional suggestions as to control may be useful. It ought to be possible, with the ranges proposed, for a Sub-Inspector to inspect every shop at least once a month, and he should be required to do so and not to concentrate his attention on particular parts of his range. The officer in charge of Excise, at least in districts where full-time officers are appointed, should thoroughly examine and report on the work of each Sub-Inspector every half-year.

503. Both classes of officers should prepare brief weekly diaries of work done, but omitting the statistics that make the present diaries so very unwieldy, which should be submitted direct in the case of Sub-Inspectors to the officer in charge of Excise, and, in the case of the latter officers, to the Excise Commissioner. These diaries will be found a most useful method of control as well as of informal discussion of proposed changes in administration. As they will, in the case of officers in charge of Excise, be largely concerned with the doings of individual officers, they should in this case be submitted confidentially.

504. The Excise Commissioner should inspect the Excise work of each district either personally or through his Personal Assistant at least once a year, and the Personal Assistant should take stock at and inspect every distillery and the *ganja* godown at least once a quarter.

505. It only remains to add that, in order to ensure the provision of a sufficient number of trained officers to take charge of the distilleries to be opened under the new scheme from the 1st April 1905, it would be advisable to arrange for the training of a class of, say, ten selected men in the principles of fermentation and distillation, the testing of liquors, and the proper method of control as early as possible. This might be done either by asking the Commissioner of Salt, Abkari and Separate Revenue, Madras, to allow them to attend the next of the periodical classes held by the Abkari Deputy Commissioner, or by appointing Assistant Commissioner Mr. Mitchell to undertake their instruction and subsequent examination. It has already been recommended that, if a trial of the tree-tax system is decided upon, the officer who is to conduct it should be deputed to acquire a thorough understanding of its working in one of the date-palm districts of Madras.

CHAPTER XIV.

The Law relating to Excise and Opium.

506. The proceedings appointing the Committee call for a report on one question connected with the law relating to Excise. They are instructed "to consider the possibility of assimilating the Excise systems of the Central Provinces and Berar and the question of what legislation would be necessary to achieve this result." The Committee have made proposals for the assimilation of the systems. But it will be obvious from the preceding chapters that, before the law in force in the Central Provinces can be applied to Berar, it needs radical alterations to suit it to the needs of the new systems in the Central Provinces themselves. The question of the revision of the leading Act relating to Excise in force in this Province in common with Northern India generally has already been taken up by the Government of India, and the Committee have submitted in a note, which is printed in the appendices, full details of the defects which they find in it from the point of view of this Administration. It will be sufficient, therefore, to briefly recapitulate their conclusions here, considering them roughly in the order of the previous chapters.

507. In respect of country spirit systems Act XII of 1896, which repeats the provisions of fifty years ago, is very defective. It provides directly for only two systems, the farming system and the sadar distillery system in its crudest form. It is sufficient to say here that both have been condemned. The attempt to introduce a revised system by the indirect application of a section which only goes the length of prohibiting distillation without a license, coupled with rules governing distillation under it, is checked by the fact that the Act gives the Government no power, while imposing varying rates of duty, to prohibit transport from areas under one rate to areas under another, or to establish warehouses for the receipt of liquor in bond. Nor is there any provision for the grant of licenses for wholesale sale.

508. The provisions in regard to 'foreign' liquors are more defective still. The very definition of these liquors is left to Local Governments, with the result that what is 'foreign' liquor under one Administration is country liquor under another, and varying rates of duty are imposed, while the Act provides no machinery for check of smuggling or levy of the difference. It also restricts the power of inspection to shops for the sale of country liquor and intoxicating drugs, thus leaving shops for the sale of foreign liquor uncontrolled.

509. The provisions relating to country fermented liquors are, as has already been stated, confined to a definition of fermented liquor, which may include *tari* which has not perceptibly begun to ferment, a prohibition of the manufacture of liquors so defined without a license, and the grant of power to the Chief Revenue Authority to make rules regulating the supply of *tari* to licensed vendors of the same. The general provision for farming also applies, except in the case of *tari* in areas in which the sadar distillery system is in force. The net result is that farming is illegal in all but two districts of the Central Provinces, and that there is no provision for an alternative system.

510. The provisions relating to intoxicating drugs are of later date than the rest and more elaborate, but open to criticism in points of detail. For instance, the sections that limit the rate of duty and the period of storage, and require warehouse dues to be levied at all warehouses and paid within ten days of the presentation of the bill, contain what may be unnecessary restrictions on very possible developments. The provision permitting exports in bond to warehouses in other Provinces under orders of any Collector in charge of a warehouse without conditions is, on the other

hand, unnecessarily wide. There is no provision for the taxation of intoxicating drugs other than those made from the hemp plant.

511. The punishments for offences against the Excise law are generally very light in comparison with those of the Indian Penal Code, and the provision for confinement of certain offenders in the Civil Jail is out of date. The provisions relating to the appointment of officers and the prevention and detection of offences are open to criticism in the respects that there is no satisfactory provision for the appointment of an Excise Commissioner, a practice now almost universal, or for the control of all Excise officers by a single head of department, that the offences in respect of which Collectors may issue warrants or Excise officers may arrest without warrant are unnecessarily limited, and the powers given in this behalf hampered with useless restrictions, that no power to grant warrants is given to Magistrates at all, and that the provisions in regard to report of offences by owners and occupiers of land and village heads are not such as are capable of enforcement.

512. The miscellaneous sections of the Act cover provisions in respect of grant of licenses in cantonments which are unnecessarily restrictive and in respect of grant of rewards which are unnecessarily specific and have been ordered to be, in a great measure, superseded by executive order in Finance and Commerce Department letter No. 4289, dated 7th October 1896. The provisions regarding the cancellation of licenses and grant of compensation for the same and the hearing of appeals by Commissioners and the definition which fixes the class of Magistrates that may try Excise cases are open to similar comment. The Act contains no provision for regulating export and transport of exciseable articles, the supply of fermented liquors other than *tari*, the bottling of liquors, the composition of offences, the hearing of claims to confiscated articles, the exemption of medicated articles from its provisions, the notification of rules having the force of law, or the bar of actions against Government.

513. The sections that govern the making of rules are incomplete and so scattered that it is almost impossible to frame a coherent set of rules on any general subject. They also omit to make provision for a number of very necessary matters.

514. The Berar Excise Law of 1897 is based on the Bombay Act, and so not liable to the above comments. The difficulties that arose from the application of the old law of 1873 to the out-still areas while that of 1897 was in force only in the contract distillery tracts have ceased since the extension of the latter by Notification No. 66, dated 19th February 1903, to the whole Province. The only difficulty that at present exists arises from the fact that the Hemp Drugs Law, though it was gazetted on the same date as the Excise Law, and came into force only four months after it, follows Act XII of 1896, and embodies separate chapters copied from that Act on the powers of officers and penalties, instead of applying those of the general Excise Law, which fact is, as Colonel Warren Hastings pointed out at the time, liable to be a cause of some confusion. The term 'country liquor' in Berar includes, as in Bombay, all liquor made in India and no drugs are taxable but hemp drugs. The power of issue of warrants is limited, as in the Central Provinces, to Collectors.

515. The only other Act relating to excise in force in the Central Provinces is Act XVI of 1863, which provides for the levy of the excise duty payable on spirits used exclusively in arts and manufactures or in chemistry, and is defective in the respect that it omits provision for the issue of such spirits for other purposes such as lighting, burning in motors, tanning, &c., for which it is nowadays in common demand. It gives no power to control possession or sale, and, as a consequence, these have to be provided for by bringing them under the provisions of the general Excise Act. The difficulties of this procedure are illustrated by the Government of India's recent proposal to take power to declare imported methylated spirit to be country liquor in order to facilitate it. The penalties prescribed under the Act are also inadequate and the mode of levying them long out of date. The Committee have been unable to trace any notification extending the operation of the Act to Berar or in any way regulating dealings in methylated spirits in that Province.

516. The chief defect that has been found by Local Governments in the Opium Act I of 1878, which is in force in both Provinces, is in respect of the punishment which can be imposed for the more serious offences against the Act, which amounts to imprisonment for one year or fine or both, as against imprisonment for three years or fine or both, the punishment for theft under the Indian Penal Code. The orders of the Government of India in this matter have already been noticed, as also have those in the matter of rewards. The general provisions of the Act are much more workable than those of the Excise Act, but it contains no provision for empowering the officers of the more advanced Excise Departments to investigate offences as they do in the case of excise offences in Madras, a fact that leads to differences of procedure in excise and opium cases, and may lead to friction with the police in the latter.

517. In previous discussions which have touched on the necessity of a change in the Excise Law the Chief Commissioner has more than once mentioned a general Excise Act for India as a possibility, and the amalgamation of all those above mentioned into one general Excise Act for India would perhaps be an ideal arrangement in conformity with the procedure applied to other sumptuary taxes and a natural development of the growing uniformity of systems which has resulted from the annual publication of the Excise memoranda issued from the Finance and Commerce Department. If this is within the range of practical politics, the fact that the Excise laws applicable to the whole of British India except Bombay and Madras are now being revised and to a great extent on the lines of those in force in those two Presidencies would seem to be a strong argument in favour of the adoption of a single uniform law at the present juncture. If it is not, the next alternative is the re-enactment of Act XII of 1896 on a new basis. The Committee have submitted their suggestions to this end in the note already referred to, which has received the general approval of the Honourable the Chief Commissioner. He has instructed them, as a third alternative, to prepare the draft of a local Act applicable to the circumstances of the Central Provinces and Berar. This is now under preparation and will be shortly submitted.

518. Its main outlines may, however, be briefly summarized. In the first place, an attempt will be made to avoid the chief defect of Act XII of 1896 by making it as elastic as possible. In this respect it will follow the Madras Act I of 1886, regarding which it was said at the time of its introduction that "the most striking feature is the permissive character of the enactment: the Act requires that manufacture, possession and sale shall be covered by license granted by due authority, but, speaking generally, it may be said that in other respects it merely indicates the broad lines on which the Abkari administration is to be conducted, and the nature of the control which may be exercised, leaving points of detail to be determined by rules framed under the Act which have the force of law. This elasticity is of great value, as it enables the Government to deal with varying circumstances without necessitating frequent recourse to the legislature to amend the law, and leaves the Government free to make control more stringent or relax it by applying the provisions of the Act as may appear desirable with reference to the requirements of different localities, or the necessity for restricting the traffic in different descriptions of liquor." The provisions in respect of country spirits will be to give power to the Local Government to license or establish distilleries or warehouses, to fix rates of duty on country spirits locally produced or imported, and to prohibit by notification transport from one local area into another; foreign spirits will be strictly defined so as to cover only imported spirits and locally made imitations of the same which will be made liable to the tariff rate of duty and allowed to be sold only in shops set apart for their sale. For the purpose of the proper taxation of *tari* provisions relating to the tree-tax system will be borrowed from the Madras Act. The provisions relating to intoxicating drugs will be similar to those relating to country spirits, cultivation being substituted for manufacture. Provision will be made for the creation of an Excise Department and the appointment of an officer to control it, and, in regard to all matters connected with offences against the law, the provisions of the Criminal Procedure Code will be made, as far as possible, applicable. The miscellaneous sections will provide for the making and notification of rules, the composition of offences, bar of actions, exception of medicated articles and the like.

519. If this Act is approved, it will be unnecessary to make special provision for its application to Berar, since it may be made applicable under the section defining its scope to the whole Province, which term will include, under the definition in the General Clauses Act, all territories for the time being administered by the Local Government, which again includes a Chief Commissioner.

520. The necessity for the introduction of a new Act need not involve delay in reforming the systems, since the new system can be put into force under Act XII of 1896 with little more illegality than the old. The proposed distilleries can be licensed under section 5, and, if contracts are given for import from other Provinces, there is at least nothing in the law to prohibit such an arrangement. It is true that there is no direct provision for such import nor for the establishment of bonded warehouses, but these difficulties have not operated to prevent the establishment of similar systems in other Provinces. The proposed arrangements in regard to Shahjahanpur rum will need a definition of it as 'foreign' spirit and a change in the rules, and, in this case, the different procedure in Berar will have to continue on account of the difference of the definition of country spirit in the laws applicable. The tree-tax system may be tried in a Berar district under the Berar law which provides for it, and the other changes suggested in this direction may be covered by rules framed under section 29 of Act XII of 1896. The proposed system in respect of intoxicating drugs does not involve any arrangements contrary to Chapter IV of the same Act.

521. The difficulties of the other Acts will have to be avoided, as at present, by executive orders. These are contained, as regards Act XVI of 1863, in Finance and Commerce Department letter No. 1881, dated 24th April 1897, which directs that, notwithstanding the preamble and provisions of section 1 of that Act, spirit which has been rendered effectually and permanently unfit for human consumption may be removed from any licensed distillery on payment of duty calculated at 5 per cent on the value of such spirit, without regard to the purpose for which such spirit is intended to be used, and, as regards the Opium Act, in letters Nos. 4289 S.R., dated 7th October 1896, and 1095E., dated 8th March 1900, which suggest that a combination of imprisonment and fine forms in most cases the most effective punishment and provide for the regulation of the grant and distribution of rewards by executive officers.

522. It remains to consider some questions relating to the rules having the force of law in the two Provinces. Those in force in the Central Provinces deal with country spirit arrangements generally, supervision of breweries, import of Shahjahanpur rum, sale of foreign liquor, sale of methylated spirits, retail sale in general, powers of officers, disposal of confiscated articles, and opium. It is hardly necessary to discuss these various rules in detail. It is sufficient to say that those relating to country spirits, foreign liquor, retail sale, and opium, which were all re-issued in 1901, and are based in the main on previous rules of 1884, are to a great extent out of date. Instances of this are the provisions for the grant of advances to distillers for the purpose of enabling them to purchase copper boilers and permitting transit of opium from Bhopal to Itarsi by road, as also those relating to the disposal of confiscated opium, which have been long since superseded by orders of the Government of India. In addition, the last re-issue amalgamated a number of executive instructions with the rules, so that the notifications contain several rules which are binding only on officers of Government and the making of which is not provided for under any of the rule-making sections of the Acts.

A set of rules relating to the transport of opium through a portion of the Province near Bina does not find place in the Manual, nor does it appear to have been notified or submitted to the Government of India for sanction, and is in some danger of being forgotten.

523. The rule-making sections under which no rules appear to have been notified are, in Act XII of 1896, sections 12, 15 and 19 relating to hemp drugs, section 29 regarding the supply of *tari* to licensed vendors, and section 65, more particularly as regards the forms of licenses and the taking of counterpart agreements; and, in the Opium Act, section 12 as regards the grant of rewards. A set of rules relating to hemp drugs has just received the sanction of the Government of India, and will doubtless be notified shortly. But rules relating to *tari* and rewards under the Opium Act are badly needed, and so are some stricter provisions regarding licenses

and counterpart agreements. Some even of the sadar distillery contractors have no licenses at all, and the licenses granted to the majority, though given in separate forms to cover wholesale and retail sale, cover practically only seven conditions, the first, which is meaningless in this connection, limiting sales to licensed vendors, and a second similarly limiting purchases to licensed sellers, the rest requiring prompt payment of *kists*, the keeping of accounts, if ordered, sale only at licensed shops, closure on passage of troops, and carriage under a pass. They omit two conditions that have been prescribed by the Chief Commissioner, *viz.*, that all payments on account of duty should be credited into the treasury, and that no sale shall be made to any private person of a quantity exceeding one seer.

524. In Berar there are notifications under the law dealing with all necessary matters except control of methylated spirits, and the license forms contain all the usual conditions. The departmental instructions are less complete, but are dealt with separately from the rules having the force of law. The chief need in this Province is to collect the rules and orders into a manual, and this has been more than once proposed, but action has been postponed owing to the unsettled state of the systems.

525. In the note on Act XII of 1896 above referred to, the Committee have urged that a liberal power of rule-making should be given to Local Governments in all subsidiary matters so as to avoid constant recourse to the Legislature, coupled with provision that all rules shall be duly gazetted. The following table, extracted from the note, will perhaps sufficiently indicate the excise matters in regard to which they consider that such a power of rule-making might be suitably given.

(1) For the erection, licensing, inspection, supervision, management, control and supply of any place for the cultivation of the hemp plant or the manufacture or storage of exciseable articles, and for regulating the fittings, implements and apparatus to be maintained therein, and the payments, if any, to be made for the storage of exciseable articles.

(2) Regulating the manufacture, supply and sale of *tari*, and the taxation of the same, whether by the levy of a tree-tax or otherwise.

(3) Regulating the periods and localities for which and the conditions under which licenses for the wholesale or retail vend of exciseable articles may be granted, and prescribing the nature of the premises in which and the persons by or to whom exciseable articles may or may not be sold, and the notices to be exposed at such premises.

(4) Regulating the import, export and transport of exciseable articles.

(5) Prescribing the instruments, weights, measures and accounts to be maintained by persons licensed under the Act.

(6) Prohibiting the admixture of any substance deemed to be noxious with any exciseable article in the course of manufacture or otherwise, and providing for the removal or destruction of any exciseable article deemed to be unfit for use.

(7) Fixing prices or quantities in excess of or below which exciseable articles shall or shall not be sold by any licensed vendor, and prohibiting sales except for cash.

(8) Imposing any conditions on licensees regarding the harbouring of offenders or undesirable persons, the reporting of offences and the closure of licensed premises on special occasions that may be deemed necessary or advisable in the interests of peace and good order.

(9) Defining the duties of officers and regulating the summoning of witnesses under the Act and providing for the grant of travelling expenses to witnesses and compensation to persons released or acquitted.

(10) Regulating the disposal of confiscated articles and the grant of rewards.

(11) Generally to carry out the provisions of the Act or other law for the time being in force relating to the Excise revenue.

526. They do not propose to discuss here any particulars of the rules they think it desirable to make. Drafts of these are now under preparation, based in the main on the most complete of the manuals in force in other Provinces, and will, in the great majority of cases, themselves provide the explanation of their purpose. They will include a revised draft of the existing opium rules providing for bringing these up to date and embodying provisions to cover the change of systems proposed and the rules as regards transport through Bina which have been omitted from the scope of those at present in force.

CHAPTER XV.

Arrangements with Zamindaris, Feudatory and Native States and other Administrations.

527. The fact that the Excise revenue of the Central Provinces has been, and is, exceptionally exposed to injury by the presence, both within and outside the Province, of areas in which less efficient arrangements or lower prices than those of the khalsa are in force has been repeatedly touched upon in the preceding chapters, in which proposals have been made for checking this injury, as far as possible, by preventive action. In the chapters relating to hemp drugs and opium some further suggestions have been made for checking it by means of special arrangements with the surrounding Native States. It is proposed in this chapter to consider, as briefly as possible, some more general arrangements of the same kind. At the same time the opportunity will be taken to put on record some account of the negotiations with zamindaris and Feudatory States which intimately affect the Excise Department but as regards which the Committee find that the officers of that department are very imperfectly informed.

528. The areas from which the injury to the revenue has come in the past may be classed under four heads—the zamindaris or jagirs and Feudatory States within the Provinces, and the Native States and other Administrations surrounding them. It will be convenient to consider the injury done and the means available of checking it in this order.

529. The Berar jagirs may be disposed of in a sentence. Two jagirdars were paid a share of the revenue derived from Excise in their jagirs up to the 28th October 1896, since which date, under orders of the Government of India, no further payments have been made.

530. The Central Provinces zamindaris and jagirs cover 17,995 square miles in the districts of Jubbulpore, Saugor, Hoshangabad, Chhindwara, Balaghat, Bhandara, Chanda, Raipur, Bilaspur, and Sambalpur.

531. In the early days of the Administration the position of these zamindars and jagirdars was peculiar. The country was difficult, communications bad and the officials few and far between, and, as a consequence, considerable power had been left in the hands of the more important or more remote of the zamindars by the Administrations which had gone before.

532. In exercise of these powers a majority of the zamindars were, at the time of the formation of the Province, controlling within their territories the administration of several departments of Government, including the Excise, and the latter, while fully asserting its right to resume them, only took action towards doing so as circumstances made it desirable.

In the Jubbulpore division the resumption of the excise rights took place shortly after the formation of the Province, *i.e.*, in 1865. This was done in order to pave the way for the introduction of the sadar distillery system and involved the grant of pensions to four jagirdars in Saugor, a reduction in the *jama* of the ubaridar of Hindoria in Damoh, and the grant of pensions to four jagirdars and a reduction of the *jama* of five others in Jubbulpore. Two jagirdars of Saugor alone continued to exercise rights in respect of opium and *ganja* within their estates up to 1889, owing to an oversight on the part of the authorities.

Two of the pensions granted in the Saugor district, and possibly some others, have since lapsed.

In Bhandara and Balaghat a similar resumption was made without compensation, for the most part in the early years of the Administration, but in the case of two zamindars of the latter district as late as 1900.

Elsewhere, *i.e.*, in the districts of Chanda, Raipur, Bilaspur, Sambalpur, Chhindwara and Hoshangabad, the zamindars continued in full control so far as liquor was concerned. The administration of the revenue derived from opium and hemp drugs was, however, retained in the hands of the Government, except in Raipur, Bilaspur, Chhindwara and Hoshangabad, where the zamindars, after some negotiation, agreed to prohibit the cultivation of opium and *ganja*, but were supplied with it from the Government stores at favourable rates, varying with their circumstances. The majority of the privileged zamindars also paid dues under the name of *takoli* in acknowledgment that they exercised these rights only as agents of the Government.

533. Sir Richard Temple's earliest orders in the matter of the amount of the *takoli* to be paid (Secretariat letter No. 1693—143, dated the 9th June 1866) were that the zamindars of the Province (under which term he then included what are now recognized as Feudatory Chiefs) should pay a share of their estimated income from abkari and similar sources of revenue which would vary with the circumstances of each zamindari, but in the case of an important Feudatory like Khairagarh would "ordinarily not exceed one-half," while in the case of petty zamindaris it would be at least 70 per cent. In spite of these orders, however, the *takoli* levied was at first more or less nominal, and amounted in 1884-85 to Rs. 6 from two zamindars in Balaghat, Rs. 385 from six zamindars in Raipur, and Rs. 1,046 from twelve zamindars in Bilaspur, or Rs. 1,437 in all. In 1887 the Excise Commissioner suggested that matters should be put on a more business footing and that the excise *takoli* should bear some relation to the income from excise. The matter was discussed in connection with the revision of the *takolis* of the Chanda zamindaris in the year following, but considerable difficulty was found in arriving at a fair estimate of the zamindars' excise revenue. Ultimately the *takoli* for twenty zamindaris in that district was fixed at Rs. 766 by the Chief Commissioner, who remarked "The zamindars should be informed that Government might fairly demand one-third of their excise income, but that on the present occasion the Chief Commissioner has fixed it at or nearly at one-tenth in the expectation that they will reduce the number of stills as soon as possible to about one to every three villages and the number of shops to that absolutely necessary for the wants of the people." At the same time the *takolis* of the zamindaris in other districts were enhanced, and amounted in 1889-90 to Rs. 3,205 in Raipur and Rs. 1,372 in Bilaspur, that for Balaghat alone remaining unchanged. They were also all made liable to triennial revision. The purpose of this action was rather to show the zamindars that the right to control excise continued with the Government and to check the drunkenness in the zamindaris, where it had become "a serious scandal," than to secure an increase in the revenue derived from them.

534. In 1892 further action was taken in this direction. The whole question having been in the meanwhile laid before the Government of India in reporting on a petition of the zamindars of Chanda, that Government had passed orders to the effect that these arrangements in respect of the exercise of excise rights by the zamindars were illegal, and desired that control should be transferred to Government at an early date on the basis of equitable compensation, adding the instructions that—"The precise mode in which this should be done will be left to your discretion, but it will be advisable to effect, on suitable opportunity, the complete extinguishment of the zamindars' abkari jurisdiction, and the Governor-General in Council considers that the compensation should be given in a lump sum rather than by a remission of the *takoli* which has already been determined to be liable to enhancement. His Excellency in Council, however, approves your desire to mitigate, as far as possible, the blow to the dignity of the zamindars which this measure will entail, and he will not object to the temporary expedient which you have proposed, *viz.*, to constitute the zamindars, with their own consent, farmers of the abkari revenue in their estates for a term of years and at the *takoli* which

The Government of India's orders for resumption of these rights.

they now pay. It does not seem desirable that such an arrangement should be continued as long as ten years, but His Excellency in Council is content to leave to your discretion the precise date at which the management of the abkari should be assumed by the State."

535. On reconsideration of the matter, however, Sir Antony MacDonnell decided that it would be better to deal finally and at once with all matters under consideration in the case of the Chanda zamindaris, and he therefore decided to grant the farms at fairly full amounts instead of on payment of the former *takoli* and to pay compensation for the loss of income resulting from the change. Compensation amounting to Rs. 41,470, or eight years' purchase, was paid to the zamindars, and a farm for a total payment of Rs. 4,147 a year for five years, to end with the then current settlement in 1898, was arranged. The opportunity was also taken to reduce the number of stills by 69 and of shops by 166. At the close of the lease proposals by the Deputy Commissioner for a renewal for another five years, subject to a further reduction of out-stills by 174 and shops by 139, were rejected, except as regards the reduction in the number of shops and stills in zamindaris under the Court of Wards, and even this was not carried into effect till the ensuing year. In 1899 the Deputy Commissioner pointed out that the amount paid by the zamindars amounted to little more than one-fourth of the profit made by them, but still deprecated an increase, though urging a reduction in the number of stills and shops, and the arrangements of the five years' lease were continued for another year, an arrangement which was repeated for various reasons from year to year till 1902-03, when a revised *halkabandi* reducing the number of stills and shops by 139 and 113, respectively, as compared with the scale sanctioned in 1893, was introduced. The resumption ordered in the year 1892 was actually carried out in the year 1903-04, when the farms were for the first time sold by auction for a sum equal to nearly four times the amount the zamindars had been paying, and a further reduction of the number of shops and stills by 33 per cent carried into effect. An additional Excise Darogah was at the same time appointed, with a view to the exercise of a more efficient control over affairs in the zamindaris.

536. Somewhat similar rights to those exercised by the Chanda zamindars were exercised by 18 zamindars in Raipur, 15 in Bilaspur and 2 in Sambalpur, to which, in the case of the Raipur and Bilaspur zamindars, rights in respect of opium and hemp drugs were added, though these were expressly reserved to Government by the Chanda patent, which was apparently applicable to the zamindaris in question. The excise management of two of the zamindaris in Raipur and two in Bilaspur, which were continuous with the open country of the khalsa, was resumed in the course of the revision of settlements in 1887, a small reduction being made in the Land Revenue *takoli*, but no other compensation was given. In the case of the remainder it was ordered that management by the zamindars should be continued subject to payment of a *takoli* which should be substantial but not excessive, and their *takolis* were revised accordingly, as has been seen above. Provision was made at the same time for triennial revision and for a considerable measure of control. These arrangements came up for consideration again in 1893 as a consequence of the orders passed by the Government of India in the case of the Chanda zamindaris, and resumption was proposed on payment of compensation estimated at eight years' purchase or Rs. 2,11,968. This was sanctioned by the Government of India. On receipt of this sanction Sir Andrew Fraser, as Commissioner of the Division, strongly recommended that the resumption should be carried out completely and at once, stating his reasons for not following the Chanda precedent as follows:—

"In regard to the future management of the excise, I am very clearly of opinion that the connection of the zamindars with excise in this division should entirely cease. I understand that the system of making them excise farmers or managers has been adopted in Chanda merely as a temporary arrangement. As I understand the Chief Commissioner's views, his intention is to sever the connection of the zamindars with excise as soon as possible. I would urge that in Chhattisgarh this severance should take place at once. There is one important fact to be borne in mind as differentiating the two cases. That is that the zamindars of Chanda still have (I believe) their

own police ; those of Chhattisgarh have not. The significance of that fact is this, that the Chhattisgarh zamindaris have no police establishment of their own to supervise and control the excise arrangements. The police establishment—the only establishment available for this work of supervision and control—serves the Government, and not the zamindars. The Government and not the zamindars should therefore manage the excise. I would urge this strongly in the interests of the zamindars themselves. If they are left to manage the excise they will be brought into constant collision with the district police. I have already had experience of this. I have had to issue orders, for example, to the police to take no notice of certain excise offences except in the way of reporting them to the Deputy Commissioner, on the ground that the friction thus caused was producing increased tension between the police and the zamindars. There is no doubt that the zamindars will feel the loss of their excise ; but they are far too intelligent not to see that their appointment as farmers or managers does not enable them to retain it. They will understand the statement that the law does not allow them to levy excise, and they will understand (though they may not like) the necessity for Government taking over the excise on payment of compensation. But their dissatisfaction will not, I am convinced, be diminished by appointing them to be farmers, while that appointment is certain to land them in many difficulties. I hope therefore that the Chief Commissioner will, in Chhattisgarh, fully carry out at once his policy of severing the zamindars from all connection with the excise." These views appear to have been accepted at the time by the Chief Commissioner, who stated in letter No. 3787, dated 12th August 1893, that "Mr. Fraser is of opinion that the British system of excise should be extended to the zamindaris as early as possible. The British police system has been so extended, and it is expedient that two branches of administration so closely connected should not be under different control. For the prevention of smuggling it is essential that the system in the khalsa and the zamindaris should be one. In this opinion, which was that of Sir A. MacDonnell, the Officiating Chief Commissioner entirely agrees," and it would appear from paragraph 3 of the same letter that complete resumption was only postponed till 1st April 1894 because the Excise Commissioner was not ready to undertake the management. But the closing paragraph of the letter, while ordering the British system of excise to be brought into force in the zamindaris from that date, adds that the excise arrangements to be made are to be similar to those adopted in the Chanda zamindaris, and this view appears later to have prevailed over that of Sir Andrew Fraser in respect of the action to be taken. Accordingly, those of the zamindars who were ready to accept them, even though they rejected the compensation offered (*i.e.*, all but the zamindars of Khariar in the Raipur district and Korba in the Bilaspur district), were given farms of the excise rights of their zamindaris at a payment which was fixed by Secretariat letter No. 4970, dated the 24th October 1893, at one-tenth of the amount of the compensation awarded, for the remainder of the then current Land Revenue settlement. On expiry of this lease in his district, the currency of the settlement having been extended for special reasons, the Deputy Commissioner, Raipur, proposed a farm for a further period of five years at a somewhat increased payment, but, at the request of the Excise Commissioner, gave one for only a single year, pending the consideration of the matter by the Committee. At the meeting held at Raipur he expressed his readiness to reduce the period to one or two years, but still thought it necessary to give an extension until the present discontent among the zamindars had subsided. The Deputy Commissioner, Sambalpur, was prepared for complete resumption at once. The Deputy Commissioner, Bilaspur, the Committee were unfortunately unable to meet. The term of the Land Revenue settlement in this district fell in 1901, but settlement operations were postponed in consequence of the scarcity then prevailing, and the Committee understand that the new settlement now in progress is not likely to come into force for another two or three years. Meanwhile the Excise Commissioner has ordered a continuance of the farms on his own authority to all the zamindars except the zamindar of Korba, who has refused to accept one. The Committee have now perused the whole correspondence, so far as it is available to them, and, from an excise point of view, can find no ground for any further extension. On the other hand, the papers show

that the present arrangements involve a considerable loss of revenue both in the zamindaris themselves, where it may be estimated at Rs. 30,000 a year, and through smuggling from them into the khalsa, and much drunkenness, since there is practically no limitation of the number of shops in the zamindaris, and liquor is hawked about at every bazaar. If they may venture an opinion on the political aspect of the question they would say that the experience of other districts appears to them to be opposed to the continuance of the present arrangements, the result of which would seem to have confirmed the views so strongly expressed by Sir Andrew Fraser at the time of their initiation. With this remark they beg to leave the matter in the Chief Commissioner's hands.

537. The resumption of the excise rights in the jagirs of the Hoshangabad and Chhindwara districts has only been very recently effected. The original *sanads* of these jagirs made no reference to excise at all, nor was any part of the *takoli* credited to this head of revenue. At the time of the receipt of the orders of the Government of India in respect of Chanda that are quoted above a new settlement was in progress in Chhindwara. When, therefore, the application of these orders to the Chhindwara jagirs was considered in 1893, it was decided, subject to any orders the Government of India might pass on the settlement report, to maintain the *status quo*. In submitting the settlement report in 1894 a revised *takoli* was suggested, of which Rs. 1,000 (subsequently reduced to Rs. 500) was allotted to Excise, and proposals made for continuing the grant of excise rights to the jagirdars. The Government of India saw legal difficulties in the way of this arrangement, however, and suggested the alternatives of resumption on payment of compensation or legislation to remove the jagirs from the scope of the Excise Act. The Chief Commissioner chose the former alternative, and the excise arrangements of the nine jagirs of Chhindwara were resumed in 1902-03 on payment of a compensation of Rs. 1,26,584, or eight years' purchase.

The orders in the case of the two jagirs of Hoshangabad were similar. An excise *takoli* of Rs. 20 was proposed in 1890, but, on receipt of orders as above, the excise arrangements were resumed in 1902 on payment of a compensation of Rs. 4,416. In both these cases a direct transfer was made to khalsa management instead of adopting the intermediate arrangement of a farm to the jagirdars which was tried elsewhere.

538. The results of these changes may be briefly summarized as follows :—
The results of these changes. Stills have been reduced by 6 in Balaghat, 202 in Chanda, 6 in Chhindwara, and 2 in Hoshangabad, while the number of shops has been reduced by 274 in Chanda, 44 in Bilaspur, and 4 in Hoshangabad. Two additional darogahs have been appointed for control, and an annual increase of revenue of a little over half a lakh of rupees has been secured at a capital cost of Rs. 3,84,438.

539. It is obvious, however, that much work still remains to be done. In the matter of the *halkabandi*, for instance, the Chhindwara statement gives one shop to 9 square miles and 1,000 people, while the Chanda zamindaris, in spite of the reductions made, had still, at the time of the last revision of the *halkabandi*, as many shops and 66 per cent more stills than Mandla, a district of equal area with twice the population, which, as has already been seen, has more shops to area and population than any other in India. Exact figures for other zamindaris are not available, but there is no doubt that the number of shops and stills in them is everywhere greater than in the adjacent khalsa territory, and that their further reduction, though it cannot be carried out all at once, is a matter that needs the unremitting attention of the local officers. The staff appointed is quite inadequate for control, and the reports of such officers as have been appointed show that there is still every incentive to drunkenness and that liquor is regularly hawked about at every bazaar, and there is evidently great scope for the enhancement of the revenue. The Committee are well aware that the primary object of the resumption was not the enhancement of the excise revenue, but, as representing the Excise Department, they think it desirable that this aspect of the question should at least be illustrated. In Chanda, whether the admitted receipts of the zamindars or the results of the auction under the new arrangements are taken as the basis of

comparison, it is clear that the extension of the favourable farms to them involved, in a normal year, the loss of at least Rs. 12,000 a year to the Administration, and in Sambalpur the estates concerned have, on their own accounts, profited to an annual amount of Rs. 4,000 and odd. In Raipur and Bilaspur it is not so easy to make an estimate, but one based on the returns of estates under the Court of Wards and of those for which the excise arrangements have been managed by Government shows that the annual loss of revenue through extension of the arrangements must have been at least Rs. 28,800, and this loss, with that in Sambalpur, is still continuing. It is submitted therefore that the revenue aspect of the question is well worthy of consideration.

540. The Feudatory States of the Central Provinces cover an area of 29,435 square miles, or nearly one-third the area of the khalsa. The status of the Feudatory Chiefs is superior to that of the zamindars, and they exercise full civil and revenue powers within their States subject to the political control of the Chief Commissioner and his subordinate officers. Generally speaking, the law in force in the khalsa is adopted with such modifications as the ruling Chief, with the consent of the Commissioner of the Division, finds to be necessary.

541. The extent of the Administration's power of interference in the excise arrangements of these States is defined as follows by the Political Agent, Chhattisgarh Feudatories, in his letter No. 5370, dated 20th July 1900 :—"There is no clause in the acknowledgment of fealty under which the States of Kawardha, Sakti, Chhuikhadan, Khairagarh, Nandgaon, Kanker and Bastar are held which would justify direct interference with their excise arrangements, although of course the British Government as paramount power has in the past and can in future impose such conditions as it may think necessary. But such interference is always to be deprecated as it is resented by the Chiefs as being without warrant under their patents, and Government would hardly desire to so interfere without a strong and sufficient reason. And what would be sufficient reason may be gathered from clause 9 of the *sanad* under which the remaining States of Sarangarh, Raigarh, Patna, Kalahandi, Sonpur, Rairakhol and Bamra hold their tenure. This clause runs 'that you shall manage your abkari revenue in such manner as not to interfere with the revenue of adjacent British territory; and that, if your abkari arrangements do so interfere, the Chief Commissioner shall have authority to raise your tribute by rupees,* until your abkari arrangements are again satisfactory.'" The manner in which it has been arranged that the excise arrangements of the Feudatories shall not interfere with those of the khalsa has been, in the case of liquors, by the arrangement of a shopless zone, and, in that of opium and *ganja*, by arranging for prohibition of cultivation and the supply of the States at fixed rates by Government treasuries or

		Rs.
*Rairakhol	...	1,000
Bamra ...	...	500
Raigarh	...	500
Sonpur	...	1,000
Kalahandi	...	1,000
Sarangarh	...	1,000
Patna ...	...	1,000

wholesale vendors subject to an agreement that the retail price shall not be lower than that in force in the adjacent khalsa districts.

542. The success that has attended this action from the point of view of the State revenues will be seen from the fact that in the year 1902 more than half the States showed a total incidence of revenue per head that compared very favourably with that of the adjacent khalsa districts, while one of them, Rairakhol, showed more than double the incidence of Sambalpur. There were of course great variations both in the incidence and in the method of administration and number of shops, but this was inevitable from the nature of the case.

543. In the case of spirits the out-still system is practically everywhere in force, though one State still maintains a contract still. As regards fermented liquors the levy of a tree-tax of two annas a date tree is mentioned in Bamra. In the same State a fermented liquor known as *handia* is allowed to be made for home consumption. The manufacture of two other fermented liquors called "*sulphi*" and "*landha*" in the Kalahandi State is mentioned at page 37, Vol. VI, of the Hemp Drugs Commission Report, and indicates the possibility of the use of yet more untaxed intoxicants in the khalsa. The only question with which the khalsa authorities are directly concerned, however, is that of the border arrangements.

544. As regards this, the principle of the shopless zone is fully accepted by all the States. This was at first ordered, at the instance of the Commissioner of the Division, to be mutual, but this rule was somewhat modified by Secretariat letter No. 748, dated 22nd February 1899, which declared the policy of the Administration in the matter as follows :—" It must be remembered that, in settling the tributes to be paid by the Feudatory States, the income enjoyed by them from Excise was not taken into account, but was left to them to enjoy in full so long as their arrangements did not injure the khalsa revenue, and, therefore, the rule does not necessarily impose a corresponding obligation as regards shops in British territory, though the Chief Commissioner thinks that it would be reasonable and proper that, in practice, the same rule should ordinarily be observed on both sides of the border, unless past practice is to the contrary, in which case no change in the existing practice is required."

The shopless zone.

545. There are three exceptions to the observance of this rule on the part of the States, *viz.*, in Sakti, Sarangarh, and Raigarh.

Exceptions to the rule.

In Sakti it was first pointed out in 1888 that it was impossible to apply it to certain outlying areas, which, however, were not strictly defined, and it was ordered that the Administration should take over the supply of these areas, establishing, if necessary, shops of its own within them, and should compensate the Chief for the revenue accruing from the consumption of liquor by his subjects in these outlying tracts. These orders, however, were never put into force, and, after protracted correspondence, the whole question was brought under review again in 1900, when it was ordered that the case was one in which the whole arrangements of the State should be considered independently of the general rule of the shopless zone, and a special rule made allowing the Chief to locate shops at certain places on condition that no fresh ones were opened without the Chief Commissioner's previous sanction. The shops approved under these orders were one opium and *ganja* shop at Sakti, which is within the two-mile limit, ten liquor shops outside the prohibited zone, and eight at the villages named below within it, *viz.*, Nagardha, Khaira, Areti, Sakti, Tamar, Aorda, Dongia and Deraghar.

In the case of Sarangarh an outlying area known as the Sankra tract has been treated as part of the khalsa for excise purposes since 1889, and the lease of its shops sold separately and the sale proceeds credited to the Chief, who is thus saved all charges on account of establishment. The sum credited to the State in each year does not represent the actual realizations of that year, but is based on the average realizations of the three years preceding it.

In the case of the Raigarh State it appears that there is a strip of State territory ten miles long by three miles wide which would be deprived of all shops by the application of the two-mile rule, while there are three adjacent portions of the Sambalpur khalsa that are similarly situated. The Deputy Commissioner, Sambalpur, reported in 1898 that, in addition to the shops in these interlaced areas, there were a number on both sides of the border where it was not interlaced that infringed the two-mile rule. Negotiations regarding these areas continued from 1898 to 1902. The question of the clear border being taken up first, it was agreed to remove all shops within the prohibited areas to unobjectionable sites. That of the interlaced portion of the boundary was referred to the Tahsildar and the Excise Inspector, who were instructed to consult officials of the Raigarh State on the spot. Their proposals, which involved the retention of 18 of the State shops, the conversion of 2 into temporary shops, the removal of 3 and the closure of 9, and the retention of 11 and closure of 1 khalsa shop, were confirmed by the Excise Commissioner. The only comment the Committee have to make on them is that the khalsa shop closed at Chandeli appears to be one that was previously declared to be absolutely necessary by the Deputy Commissioner, and that the whole arrangement would seem to need the sanction of higher authority.

546. The agreement in the case of opium and *ganja* is stated in letter No. 5370, dated 20th July 1900, from the Political Agent, Chhattisgarh Feudatories, and is as follows :—

Opium and *ganja*.

(1) The cultivation of the poppy or hemp plant is prohibited ;

(2) opium and *ganja* shall not be procured from any other source of supply than the Government contractor ;

(3) no shop for the sale of opium or *ganja* shall be located at a distance of less than two miles from the British border ;

(4) the States shall co-operate with Government in the suppression of smuggling and illicit cultivation or supply ;

(5) the opium and *ganja* shall not be issued by the States to the local contractors or consumers at a rate less than Rs. 22 a seer of opium and Rs. 3 a seer of *ganja*.

The correspondence in connection with this agreement dates back to 1873, and it was only secured in some instances after prolonged and difficult negotiations. As a consequence, the prices at which opium and *ganja* are supplied tend to vary considerably. The present prices are as follows :—Opium at Rs. 22 a seer to the Sambalpur Feudatories, at Rs. 17 a seer to those attached to the Raipur and Bilaspur districts, with the exception of Bastar, which gets its supply at Rs. 12-8-0 a seer, and at Rs. 10 a seer to Makrai ; and *ganja* at Rs. 2 a seer to Chhuikhadan, Khairagarh and Nandgaon, at Re. 1 a seer to Kanker, at Rs. 18 a maund to Makrai, and at 12 annas a seer to the rest.

547. The reasons for these variations are explained in a letter of the Excise Commissioner No. 2385, dated 16th September 1887, and may be briefly stated as follows :—In the case of opium, the original price was Rs. 17 a seer to all States. It was then represented that this price, in the case of the Sambalpur States, admitted of smuggling into the khalsa and adjoining territory under the Government of Bengal, and the price was raised in 1874, in order to prevent this, to Rs. 22. For similar reasons it was raised in the same year in Raipur and Bilaspur, but the Feudatory Chiefs of these districts objected to the increase as a breach of contract, and it was reduced again in 1875 to the original figure, remaining at Rs. 22, however, in the case of the Sambalpur States, which had not protested. In the case of Bastar it was found impossible to apply either rate because, at the time the arrangement was under negotiation, *viz.*, in 1880, opium was sold at Vizianagram in the Madras Presidency adjacent at from Rs. 4 to Rs. 6 a seer. On the principle, therefore, that it was better to secure a little duty than none at all, the Bastar price was fixed at Rs. 12-8-0, and it has continued at that rate ever since in spite of the fact that the Madras retail price was shortly afterwards increased to more than that in force in the Central Provinces. In the small State of Makrai in Hoshangabad, which itself cultivated opium, it was fixed even lower, *viz.*, at Rs. 10, in 1880, with reference to a promise made by the Deputy Commissioner. This was declared at first to be only a temporary arrangement, but it was continued in the next year “for the present,” and has continued since then up to date.

548. In the case of *ganja* the original price was Rs. 2 to the more distant Feudatories and Re. 1 to the others, but, on the protest of the Chiefs, the Chief Commissioner consented to the reduction of this to 12 annas in cases in which the Deputy Commissioners found it expedient to make the concession. The rates adopted under these orders were evidently intended to be subject to periodical revision by the Chief Commissioner, and the contract of the wholesale vendor required sales to Feudatory Chiefs to be made “at such rates as may from time to time be approved,” but, so far as the Committee can ascertain, no change has been made in the rates first fixed except in the case of Makrai where the rate was changed from Rs. 12 to Rs. 18 per maund on cleaned *ganja* being substituted for uncleaned. Elsewhere the rates now in force are those that were adopted by the Deputy Commissioners as applicable to the conditions of 1882, and the States have reaped the whole benefit of any similar change that may have been made, nor has it been thought necessary to make any increase with reference to the fact that the rate of duty, and therefore their profit, has been doubled since the arrangements were introduced. The Government of India has, however, desired it to be understood that this concession is granted purely as a matter of grace and expediency, and that all that the Government are equitably bound to do is to ensure to the Feudatories a continuance of the net revenue on *ganja* consumed in their territories which was guaranteed to them by the arrangements of 1880 (Finance and Commerce Department letter No. 1595 Ex., dated 22nd March 1901).

It may be added that supplies of the drugs are indented for through the Political Agent and the Deputy Commissioner, and the countersigned indent is treated as an authority for issue at the reduced price. Issues are covered by pass-books and generally escorted by the State police.

549. On the whole the Chiefs have acted loyally up to their agreement in regard to the stoppage of cultivation. There was considerable trouble in the matter, particularly in the case of *ganja* cultivation, with Sonpur, Chhuikhadan and Bastar, but the result of a recent thorough enquiry by the Political Agent shows that the local production of both drugs has been suppressed. The chief difficulty in the administration of the excise revenue both of the States and of the khalsa is the smuggling that takes place from the Chota Nagpur States and the Jeypore zamindari, which has been referred to in the previous chapters, as a consequence of which the States of Bastar, Kanker, Sonpur, Patna, Kalahandi, Raigarh, Sarangarh and Bamra show a consumption of licit *ganja* of from '06 to '01 of a tola per head as against '16 to '09 for the adjacent khalsa districts. It has already been noticed that the Chiefs of Sonpur and Kalahandi have introduced a total prohibition of imports in order to protect their revenue from this source. Though the Political Agent states that this prohibition is at present inoperative, it is clear from the past correspondence that on its first introduction it had a marked effect on the consumption.

550. The arrangements above discussed have been three times passed in review, as regards opium, in 1884, and, generally, in 1887 and again in 1900. The result of the first review was to confirm the prices charged, the Excise Commissioner putting forward the suggestion, however, that it would be desirable to make them uniform when the tributes come under revision. This occurred in 1887-88, but his successor did not press the proposal for uniformity of price. He proposed instead that the general excise arrangements of the Feudatory States should be confirmed by formal agreements in writing, and suggested, as a further term of the same, that, to ensure fulfilment of the main conditions, the Chiefs should undertake to purchase a minimum annual quantity of drugs based on an estimate of their needs. The latter proposal was objected to by the local officers, but not entirely condemned by the Chief Commissioner, who thought that, in exceptional cases, there might be no other check on a Chief's good faith. For the rest, he confirmed the existing rates of supply, but insisted on minimum prices for supply to vendors more or less equivalent to those in force in the khalsa being adopted, and left it to the Commissioner, Chhattisgarh Division, and the Political Agent, Chhattisgarh Feudatories, to say whether formal agreements should be taken or whether it was sufficient to communicate the Chief Commissioner's orders to the Chiefs and take their acknowledgments of the same. The latter course was adopted, and the orders have remained in force ever since.

They were passed in review again in 1900, and on this occasion reported on, so far as *ganja* was concerned, to the Government of India. As a result of the consideration of the question the rates of supply were again confirmed, the Chief Commissioner recording his opinion in respect of their alteration as follows :—

“These arrangements, which have now been in force for twenty years, were thus entered into by mutual agreement with the various Chiefs, not with the view of raising revenue but in order to put an end to a system by which the revenue of the adjacent British districts suffered, and they are based, not on any clause in the *sanads* or fealty bonds of the Chiefs, but on that agreement with them. Any alteration in them could only be made by similar agreement with the Chiefs, and could hardly be forced upon them against their will. Any increase in the rates at which *ganja* is supplied would necessarily reduce the income from *ganja* enjoyed by the Chiefs, and would consequently be resented by them, and they might claim to set aside the whole agreement, and again arrange for a local supply of *ganja*, taking precautions to guard the revenue of the adjacent British districts from injury. But, even if they were induced to accept the supply at the enhanced rate, there is no doubt that they would feel that the agreement entered into with them in 1880 had been broken and that they had received unfair treatment.”*

The Government of India, while accepting the Chief Commissioner's proposal to make no enhancement in the price of *ganja*, stated that they did so

* Secretariat letter No. 271, dated 21st January 1901.

purely as a matter of grace, and added the statement above quoted that all that the Government are equitably bound to do is to ensure to the Feudatories a continuance of the net revenue guaranteed to them by the arrangements of 1880.

551. The Committee have had the advantage of discussing these arrangements with the Commissioner, Chhattisgarh Division, and the Political Agent, Chhattisgarh Feudatories, but unfortunately had not had the opportunity of perusing the orders last quoted above before doing so. Having since read them, they think it advisable to withdraw one of the proposals agreed to by the meeting, *viz.*, that the supply price of opium to Bastar should be raised on the ground that the reasons which operated in favour of a low rate for issues to that State have long since ceased to exist. But, while leaving it to the Chief Commissioner to decide whether any changes should be made in the prices at which opium and *ganja* are issued to the Feudatory Chiefs or their contractors, they think that a good deal might be done to put the arrangements for issue on a more business-like footing.

The possibility of injury to the khalsa revenue. 552. The possibility of loss under present arrangements may arise in three ways—

- (1) By States taking no opium or *ganja* from the Government stores or much less than their real consumption;
- (2) by issues being made, as has already happened in one instance, at lower rates than those fixed for issue to the States concerned; and
- (3) by sale of opium or *ganja* issued at the privileged rate while in transit to the State to consumers in British territory.

It may be added that some States, though perfectly willing to do so, have failed to carry out their agreement through ignorance of the changes in the khalsa wholesale rate, and that the wholesale vendors secure an unearned increment in the case of sales of *ganja* to Feudatories, being allowed in these instances to take a full rupee out of the price paid by them instead of a part of the marginal rupee as in the case of khalsa issues, so that it may well happen that a State contractor and a khalsa wholesale vendor have a community of interest in fraud.

553. The only means yet suggested for the prevention of loss from the first cause is to require the States to take a fixed quantity of opium or *ganja* estimated with reference to their proper consumption. It has been seen that such an arrangement was not entirely condemned by the Chief Commissioner in 1888. It could not, however, be put into force so long at any rate as the States are exposed, as some of them at present are in respect to *ganja*, to smuggling from outside, and the local officers are not in favour of it. All that the Committee would suggest, therefore, for the present is that the issues to and the consumption of the States should be watched by the Excise Commissioner much more strictly than at present, and that he should be authorized to invite the attention of the Chiefs through the Political Agent, Chhattisgarh Feudatories, or the Deputy Commissioner, Hoshangabad, to any such fall in consumption as indicates the possibility of illicit practices.

The simplest means of avoiding the second cause of loss is to require all issues to Chiefs or to their contractors to be made, as in Bengal, at the full price charged to Government vendors and after receipt of the Deputy Commissioner's sanction to the supply, leaving the difference between this and the privileged rates allowed to the Chiefs to be adjusted separately. This adjustment could probably be best made annually by the Comptroller on receipt of intimation of the amounts to be adjusted from the Excise Commissioner. It is well worth consideration, however, whether an adjustment based on the issues for a longer period might not be advantageous. Thus, if the payments for one quinquennium were made to depend on the issues for that preceding it, the consequences of low issues would be more forcibly brought home to the States concerned than under a system of yearly settlement of accounts. A better arrangement still would perhaps be to buy up the privileges outright on a calculation of the issues made under the arrangements up to date. This would not only avoid all difficulties of account but would prevent any further question from arising as to the Administration's right to enhance the issue price or otherwise on any increase being made in the khalsa taxation or on the introduction of a different system, as, for instance in the matter of the *ganja* wholesale vend, which would be out of

accord with the present agreement. The objection which suggests itself is that the States, having received compensation, might cease to take opium and *ganja* at all or take much less than their real consumption. The Committee believe that the Administration would have ample means of dealing with such an eventuality.

Whatever is done in this latter respect, it is essential that there should be some guarantee that the opium and *ganja* issued is not sold at a profit on its way to the State. The circumstance of issue at full price would do something to avoid this inasmuch as it would remove the temptation to sell to licensed vendors, but sale to private persons at a much cheaper rate than the licensed vendors can sell at would still be possible. To avoid this the Committee would suggest that issues should be made in sealed packets, and that arrangements should be made to secure an acknowledgment from the Chief of the receipt of the consignment in full in the State. This proposition, as well as that for the issue of opium and *ganja* at the full sale price, has the acceptance of the Commissioner, Chhattisgarh division, and the Political Agent, Chhattisgarh Feudatories, and of the Deputy Commissioner, Hoshangabad, as representing Makrai.

One further suggestion which the Committee have to make in respect to the agreement with the Feudatory States is in regard to the outlying portion of Sarangarh which is treated as part of the khalsa for purposes of Excise. As the introduction of an improved system might cause difficulties in the continuance of the arrangement that has been described, the Committee would suggest its replacement by one on the lines of that recently proposed in respect of the lease of outlying portions of the Panna State, *viz.*, that the compensation should be based on the application of the incidence of the excise revenue in the khalsa to the population of the areas concerned. Under such an arrangement it would be possible to open or close shops in this area and otherwise deal with them in such a way as might be most suitable to the excise arrangements of the khalsa territories surrounding it without any questions arising as to compensation payable. The Raigarh agreement should be formally submitted for the Chief Commissioner's sanction after examination by the Deputy Commissioner of its practical working.

554. The greatest danger of all to the Excise revenue of the Province arises from the presence on three of its borders of large areas of Native State territory, *viz.*, the Bengal States on the east, Hyderabad to the south-west and the States that form the Central India Agency along the whole of its northern border. Some indication of the extent of the danger to the revenue arising from these areas has already been given, and some proposals for dealing with special aspects of it have already been made. It remains to deal with some more general aspects of the question, and to record the results of the meetings held for discussions of the matter under arrangements made by the Chief Commissioner with the Administrations concerned.

555. Beginning with the Bengal States, there are two groups to be considered—the Feudatory States of Chota Nagpur and the Chota Nagpur and Orissa. Tributary Mahals of Orissa. The Central Provinces border is protected to a great extent on this side by its own zamindaris and Feudatories, whose systems, so far as country liquors are concerned, are similar to those of the Native States that border them. The principle of a mutual shopless zone, which is in this instance three miles wide, has been accepted by these States at the instance of the Bengal Government since 1889, and is enforced where necessary, as, for instance, in the case of Gangpur. The correspondence of the same year contains proposals for the closure of all shops in the outlying part of Udaipur that lies within the borders of Bilaspur. It might perhaps be possible to secure an extension of this arrangement to sale at the railway stations in the Native States through which the railway line passes on the way to Sambalpur if it is found, as has been reported in the past, that intoxicants are brought to railway stations simply for sale to British subjects. As regards opium, cultivation is prohibited and the States are supplied with quantities of Government opium limited to their proper consumption at a rate which is higher than the Central Provinces rate. The only change in the rules that is necessary is the addition of a provision for permitting

transport of opium by rail from one part of the Gangpur State through Sambalpur to another, the absence of which has recently led to an unnecessary prosecution. It is in the case of *ganja* that the most serious difficulty arises. Even in this respect there is no difficulty, beyond that arising from the difference between the Bengal and Central Provinces limit of possession, in the case of the Tributary Mahals of Orissa which have adopted what is known as the 'Kuch Behar system' under which cultivation is prohibited and the States are allowed to purchase Rajshahi *ganja* free of duty on the understanding that they levy duty equal to that in force in the adjacent districts, or in the case of the Gangpur, Jashpur, Bonai, Seraikela and Kharsawan States of Chota Nagpur, in which cultivation is prohibited or has never taken place and which obtain a limited supply of *ganja* from Government licensed dealers on payment of the full duty. In the remaining States, *viz.*, Korea, Sirguja, Udaipur and Changbhakar, cultivation appears to be still permitted under various regulations as to which the Committee have no particulars. That they are ineffectual is obvious from a comparison of the consumption of *ganja* per head of the districts bordering these States with that of those further inland. In regard to this matter it is hardly necessary to retrace the ground that has already been gone over in the chapter relating to hemp drugs. The Committee observe from the Bengal Excise Administration Report for 1902-03 that the Superintendent of the Tributary Mahals has already urged the introduction of the 'Kuch Behar system' in these States, and the Committee can only ask the Chief Commissioner to add his representations to that of the Superintendent of the Tributary Mahals.

556. As regards Hyderabad, the Committee have been so far unable to obtain any information except that an Excise Bill is now before the Council of the State, which has expressed its inability to depute an officer to meet them for a discussion of frontier arrangements. They are therefore unable to make any general recommendations. Reports of considerable injury to the excise revenue both of the Central Provinces and of the State through distillation along the Wardha River at places where there are no Hyderabad villages are on record, and the question of a mutual shopless zone has been more than once discussed (*vide* correspondence ending with Secretariat letter No. 1234, dated 11th March 1893) and the principle accepted by the Government of His Highness the Nizam which has a zone along the whole length of its Bombay border. The proposal failed to have effect, however, like a similar one in respect of Bhopal, for the reason that it was found necessary to maintain the shops in some of the large villages on the Central Provinces side of the border—in this instance in the Sironcha tahsil. The Committee would respectfully submit that the remedy for this difficulty was not to abandon the proposal altogether, but to make the arrangement subject to the maintenance of shops in large villages on both sides to be selected either by a committee of officers or with reference to their population. They would therefore recommend that the negotiations should be re-opened, if not as regards the Sironcha tahsil, at any rate so far as the rest of the border is concerned from the Khandesh boundary to the junction of the Wardha and the Wainganga. The necessity for a mutual belt along the Berar border was strongly urged on the Committee by the Commissioner and local officers of Berar, and seems to have been regarded as an essential of improved administration ever since Sir Chichele Plowden wrote his report on the matter in 1901. The Committee have already proposed in the chapter relating to the subject that the import of *ganja* into the Sironcha tahsil should be stopped and that an attempt should be made to secure a general convention in respect of *ganja* with the Government of His Highness the Nizam, and as regards opium, that smuggling from Sironcha should be checked by an increase of the issue price, and that the Nizam's Government should be moved to abolish the system of licensed importers. It is hoped that the passing of the Excise Bill now under discussion will facilitate the acceptance of these proposals.

557. It is from the States of the Central India Agency that smuggling into the Central Provinces has been productive of the most injury to the revenue. In respect of country liquors they have maintained the out-still system and set down shops out of all proportion to the population along the borders of the more highly-taxed districts of the

Central India Agency. Causes of injury to the revenue—Liquors.

Central Provinces. Thus the Indore State has had as many as 73 shops within two miles of the border of a portion of western Nimar against 287 in the whole Nimar district, and Bhopal 161 within two miles of the Central Provinces districts which march with it as against 385 in the whole of the Hoshangabad district. Similar complaints have been received as regards several smaller States, more particularly that of Panna, which has outlying villages within the district of Damoh. Many of those shops are mere booths and situated in villages that have no inhabitants or practically none, while in other places it is, or has been, the regular practice of the State contractors to take jars of liquor to the nearest point on the border whenever there was an assemblage of people on the British side. The result, as the reports show, is not only heavy loss of excise revenue but much drunkenness and demoralization of the people. The extent of the competition may be judged by two instances. In 1899 the Hoshangabad contractor held the contract also of the Bhopal shops on the opposite side of the river, and averted competition by closing them. When he lost it in 1900 the monthly issues from the Hoshangabad distillery fell in six months from 1,386 to 489 gallons, and, while some forty odd shops on the British side of the border are now closed, some 200 to 500 people may be seen crossing the river from Hoshangabad to drink in Bhopal every night of the year. The second instance comes from Indore. In 1895 the Indore Durbar was asked to consent to the establishment of a mutual shopless zone on the Nimar border. The Durbar, while admitting that their contractors carried liquor to the nearest point on the border on the occasion of every market-day or festivity on the British side, gave as their first reason for declining the mutual zone that it would reduce their excise revenue in the villages in question to a third of what it then was, thus practically admitting that two-thirds of it was derived from sale to British subjects.

558. It is unnecessary to repeat statistics that have already been given in previous chapters to show that the smuggling of opium and *ganja* from these States is responsible for an annual loss of excise revenue to the Central Provinces that can only be estimated in lakhs of rupees, that the difference in the policy adopted has resulted in the diversion of almost the whole demand of the Central India States from Khandwa to Sanawad, and that the very low average of consumption in the northern districts is almost entirely due to smuggling, particularly in Damoh and Jubbulpore, where scattered villages of the Panna and Nagod States lie right within the districts.

559. As has been already stated, the President of the Committee was enabled by the courtesy of the Hon'ble the Agent to the Governor-General to discuss the best means of removal of these facilities for smuggling with him and his First Assistant, the Resident at Indore, and the Political Agent, Bhopal, at a meeting held at Indore on March 23rd, 1904. A copy of the proceedings of the meeting has already been submitted to the Hon'ble the Chief Commissioner. At the instance of the Agent to the Governor-General the Committee have not had these proceedings printed as an appendix to this report as many of the matters referred to therein are still under the consideration of the Durbars concerned. They believe, however, that there will be no objection to their briefly indicating the measures which they consider necessary with a view to checking the smuggling which now exists and the progress actually made since the meeting referred to in securing their acceptance. In the matter of opium and *ganja*, they have already indicated their views, which are, briefly, that no measures will be ultimately successful short of concentration of cultivation, warehousing the crop and levy of duty on all issues including those for local consumption. These measures would undoubtedly be profitable to the Durbars concerned, the majority of which at present make no attempt to obtain a revenue from retail sale, as well as to the British Government. As regards liquor, there is less danger of extensive smuggling by reason of its bulk. The chief thing to be aimed at in this connection therefore is to secure the removal of the shops which are set down close to the border for sale to British subjects. The same thing is necessary in the case of opium and *ganja* so long as the present low prices continue. In other words, it is desirable that the States should accept the principle of the mutual shopless zone. The acceptance of this principle, which has been approved by the Government of India, the

Agent to the Governor-General, and the Chief Commissioner, has been under discussion with some of the States for from ten to twenty years, and none have accepted it as yet, and the State of Indore, from which the most ready compliance might perhaps have been expected, seeing that in the Memorandum of 1880 attached to the agreement of exchange of lands with this State it is particularly stated that abkari revenue was excluded from the value of the Nimar lands, and the value of the gift has been enormously enhanced by the transfer of the whole *ganja* supply of the Central India Agency to the Sanawad village, has hitherto shown itself the least ready of any to accept any reasonable arrangement. It is unnecessary to discuss the various alternatives, such as the requirement that the State shops should sell at the same price as the British Indian shops, that have been put forward. They are none of them effectual. It is only necessary to mention a difficulty that had been raised by the Administration itself, *viz.*, that the zone cannot be applied in places such as Hoshangabad, where there are large towns or villages on the border. This difficulty, it seems to the Committee, can be got over, as already proposed in the case of Hyderabad, by the exclusion of such towns or villages from the mutual zone either by the operation of a population limit or by a committee of officers. In the case of outlying villages, the first complete remedy for present difficulties seems to the Committee to be an exchange or purchase of territory, which it is hardly within their province to discuss, and the second a lease of the excise arrangements of the areas concerned.

560. In the correspondence subsequent to the meeting the Indore and Panna Durbars have accepted the principle of the mutual zone, and proposals are now on foot for the meeting of a committee of officers for the exclusion from it of important villages on both sides of the border, and the Panna Durbar has further accepted proposals for a lease of the excise arrangements of the outlying villages of that State, and suggested that the payment should be based on the application of the general rate of incidence of the excise revenue in the Central Provinces to the population of the areas concerned. The Agent to the Governor-General has referred the suggestion for a mutual shopless zone, which has his own concurrence, for the consideration of the Durbars of the other States of the Agency. The Committee see every reason to hope that these are only the beginnings of a general regulation of excise in the Native States which will do more than anything else could do to facilitate the administration of that branch of the revenue in the Central Provinces. The case of the outlying villages of the Nagod State was not before them at the time of the meeting at Indore.¹ They have since received a list of eleven villages concerned from the Deputy Commissioner, Jubbulpore, Mr. Blenkinsop, who reports that, "if the contract distillery system is extended to this part, these villages will afford a foot-hold for smugglers, and efforts should be made to obtain a lease of the excise arrangements. This should be done before any change is made; otherwise a much higher price may have to be paid for the lease." The Committee would recommend that negotiations should be opened up for a lease on the same terms as those proposed by the Panna Durbar.

561. The Central Provinces is only touched at three points by British districts, *viz.*, Jhansi on the north, Vizagapatam on the south, and Khandesh on the east, but has in recent years suffered severely from smuggling from them all. In the case of Jhansi this is encouraged by the difference in the rates of duty on Shahjahanpur rum, opium and *charas*; in that of Vizagapatam by the absence of any control over the cultivation and sale of the hemp plant in the Agency tracts, and in that of Khandesh by the difference in the rates of taxation on opium and *charas*. Proposals for the removal of a majority of these inducements to smuggling have already been made. It has been suggested that Shahjahanpur rum should only be admitted in bond; that the Central Provinces rate of duty on *charas* should be reduced; that the Madras Government should be moved to place the cultivation and sale of hemp drugs in the Agency tracts under control; and that the issue price of opium in Berar should be lowered, that in Bombay having already been raised. For the disparity in the taxation of opium as between Lalitpur and Saugor, the Committee can suggest no remedy, but hope that, when the Bundelkhund Native States bring their opium arrangements under better control, the Government

of the United Provinces will see its way to increasing the price, as it is already proposing to do in the towns.

562. In conclusion the Committee would remind the officers responsible for the administration of the excise revenue of the orders of the Government of India that "the rates of duty on spirits and drugs should not be altered in any case in which the alteration is likely to affect the excise arrangements of neighbouring Provinces: and in particular the sanction of the Governor-General in Council must be obtained to any alteration in the rates of duty in any district which borders on another Province," * and would suggest that, with a view to sustained action being taken in check of smuggling, a continuous record should be maintained of the excise systems in force in all surrounding Administrations, so that the preventive officers may be informed as to the quarter in which the danger of smuggling is most likely to arise.

* Resolution in the Finance and Commerce Department No. 1142, dated 17th March 1892.

CHAPTER XVI.

Summary of conclusions and recommendations.

563. It will be convenient to close the report with a brief summary of the conclusions and recommendations of the previous chapters.

Country spirits. Conclusions.

564. It has been found as regards country spirits—

(1) That the out-still system in force is really a farming system and provides none of the checks on drunkenness that have been recommended (para. 130); that it is actually responsible for much drunkenness (para. 131); that it can be replaced with safety over large areas (para. 132); and that, where retained, it needs to be put under more effective control (para. 221);

(2) that the Sadar Distillery system is out of date (para. 112); and that the modification of it in force in the Central Provinces is unsatisfactory both from the point of view of the quality of the liquor supplied (para. 185), the supply of the people (para. 153), and the protection of the revenue (para. 139);

(3) that the contract systems in force in Nagpur, Nimar and the Berar districts are improvements on these, but not completely satisfactory (paras. 157, 163);

(4) that pure liquor can be made from *mahua*, that the most practical way of ensuring such manufacture is to employ a competent distiller using proper plant (para. 216), and that liquor so made will both keep and carry (para. 214);

(5) that of the improved systems available, that of Contract Distillery supply is the best suited to the conditions of the Province (para. 233).

Suggestions.

565. (1) It is therefore recommended that the basis of the excise administration of the future should be a system of contracts by competent distillers using their own premises for supply of given areas at a fixed price (para. 234).

(2) Further incidents of the system suggested are a much stricter control over distilleries than at present (para. 237); distillation to and carriage to warehouses at a high strength, complete separation of the privileges of manufacture and vend, the distribution of the cost of carriage over all issues, and the institution of Government warehouses at tahsil head-quarters (para. 234); issue and sale at fixed strengths (para. 249); the gradual introduction of the separate sale of shops (para. 261); and the application of the Central Provinces limit of possession to Berar (para. 266).

(3) Three rates of still-head duty are recommended, *viz.*, Rs. 3-2-0, Rs. 1-14-0 and Re. 0-15-0 per gallon proof for different areas (paras. 253—5), the first to be applied to the industrial districts round Nagpur and Berar, the second to the agricultural districts of the plains, and the third to the upland areas (para. 273), out-stills being retained in outlying portions of Jubbulpore, Mandla, Bhandara, Chanda, Nimar, Hoshangabad and the districts of the Chhattisgarh division (para. 272).

The whole scheme to be adopted and extended with great caution and deliberation as circumstances allow (para. 277).

566. In regard to 'foreign' liquors the Committee find—

'Foreign' liquors. Conclusions.

(1) That there is no need to provide greater facilities for the consumption of Indian-made rum provided arrangements are made for the supply of a better class liquor to country liquor shops (para. 291);

(2) that the present treatment of Indian-made rum is anomalous and unsatisfactory (para. 301);

(3) that the brewery rules are capable of improvement in respect of the method of levy of duty and the allowances for wastage (para. 296-7);

(4) and that, under existing arrangements in respect of retail sale, cheap imported liquors are liable to compete at an advantage with country spirit (para. 304).

567. And recommend—

- (1) That all imitations of foreign liquors be subjected to the tariff rate of duty and treated exactly like foreign liquors, the makers of plain sugar spirit being admitted to compete for country liquor contracts (para. 292);
- (2) that, so long as the policy of the Provinces is not uniform in this matter, imports of such liquor should only be allowed in bond (para. 303);
- (3) that the brewery rules should be revised on the lines of those in force in Madras (para. 296-7);
- (4) that the Government of India should be moved to consider an increase in the tariff rate (para. 304);
- (5) that, as regards retail sale, a sharp distinction should be drawn between "on" and "off" licenses, the former being, with a few exceptions, sold by auction and the latter freely granted on payment of a moderate fixed fee to respectable applicants (para. 316); and
- (6) that the methylated spirit rules should be extended to Berar (para. 329).

568. As regards country fermented liquors the Committee find—

- (1) That the arrangements under which the *tari* contracts are handed over to country liquor contractors are defective inasmuch as they tend to force the consumption of the more deleterious liquor at the expense of the less (para. 352);
- (2) that the system of granting a monopoly of the right of tapping in a fixed area to the purchaser of the right of vend is not universally applicable (para. 371);
- (3) that the arrangements under which trees are leased lay an unnecessarily large number open to destruction (para. 351);
- (4) that the present system of tapping is most destructive to the trees (paras. 350, 351).
- (5) That there is every reason to suppose that the introduction of the tree-tax system would increase the revenue and perhaps save the trees, and that the interference with the people its introduction would involve would not be so great as to render it undesirable (paras. 367-8).

569. It is therefore recommended—

- (1) that the system should be given a trial in a selected district (para. 369);
- (2) that a trial should also be given in another district to a system under which shopkeepers are left to make their own arrangements for supply instead of being given the monopoly of the right of tapping over a particular area (para. 371);
- (3) and that everywhere the *tari* contracts should be completely separated from the country liquor contracts and the large monopolies broken up and land-holders and tappers instructed as to the best method of preserving the trees (paras. 355, 357).

570. The information as regards rice beers was found to be very defective and their consumption in Sambalpur considerable, and likely to be a danger to the revenue (paras. 382, 388) and enquiry was recommended (para. 389).

Enquiry was also recommended into the manufacture of another beer from *mahua* which is stronger than rice beer (para. 390).

571. In regard to hemp drugs the Committee found—

- (1) That various causes have restricted cultivation till exports have entirely ceased and the local production is insufficient for the needs of the Province (para. 409);
- (2) That cultivation and manufacture are unnecessarily scattered and insufficiently controlled (para. 410);

(3) that the arrangements for cleaning and transport involve great danger to the revenue (para. 419) and that the returns of the retail shops show extensive use of illicit drugs (para. 422);

(4) that there is every reason to think that the difficulties as regards cultivation can be got over by grant of a single contract for purchase from cultivators and wholesale supply (para. 434), and those as regards cleaning and transport by requiring the contractor to reduce the *ganja* to a saleable condition in the first instance and pack it in boxes of fixed size (para. 437);

(5) that the duty on *charas* is so high as to encourage smuggling (para. 454), that there is reason to think that on 'foreign' *bhang* is not high enough when its intoxicating properties are considered (para. 449), and that the sale of refuse *ganja* as *bhang* is a source of danger to the revenue (para. 448);

(6) that the system under which the retail vend of *bhang* and *charas* is entrusted to the wholesale vendors of *ganja* is unsatisfactory (paras. 447, 452); and

(7) that the loss by smuggling from surrounding Native States is enormous (para. 428).

Suggestions.

572. It was therefore recommended—

(1) That the present arrangement for wholesale supply should be replaced by one for supply of cleaned *ganja* in boxes of fixed weight by a single contractor through excise warehouses (para 435);

(2) that the rate of duty on *charas* should be lowered to that in force in neighbouring Provinces (para. 454);

(3) that *bhang* should be strictly defined as consisting of the leaves only of the hemp plant, and *bhang* answering to this description supplied by the wholesale *ganja* contractor through excise warehouses (para 450);

(4) that the retail vend of these drugs should be placed on the same footing as that of *ganja* (paras. 450, 453); and

(5) that the Government of India should be moved, now that the hemp drugs administration of British India has been completely remodelled, to take steps to ensure a similar remodelling of the arrangements in the Native States, whose want of control causes great injury to the revenue (para. 444).

Opium. Conclusions and suggestions.

573. As regards opium the Committee found—

(1) That the Central Provinces system of wholesale and retail vend was satisfactory and should be applied to Berar, but that, if general warehouses for exciseable articles are instituted, the opium should be transferred to them (paras. 37, 38*);

(2) that the loss by smuggling is enormous (paras. 55—63) and the existing means of prevention inadequate (para 72);

(3) that the only complete means of controlling this is the adoption of a proper system of taxation in Native States (para. 95).

(4) Among partial remedies suggested were the abolition of licensed importers (para. 78); that Government opium should be made up in such a way as to be readily distinguishable from smuggled opium (paras. 87—92); and the employment of a more effective preventive force (para. 74).

(5) It was also proposed that the Central Provinces limit of possession should be raised and the Berar limit lowered to 3 tolas (para. 41); and that separate sale of shops should be introduced as far as possible (para. 40).

574. An examination of the number of shops for the sale of exciseable articles showed—

Retail shops. Conclusions.

(1) That the number opened in the case of both country liquor, hemp drugs and opium was larger with reference to the population than in most other Provinces, the numbers in the upland districts and the zamindaris being particularly numerous (paras. 166, 423 and 1); and

(2) that the nature of the country and the absence of communications afforded some justification for this large number, but not sufficient (paras. 167—171);

(3) but that a sweeping reduction was liable to do more harm than good (para. 47).

* Note —The opium chapters are printed separately and the paragraphs run in a separate series.

575. And it was recommended that maxima and minima for each local area should be fixed by the Divisional Commissioners and that local officers should be given discretion as regards closure within these limits (para. 259).

576. An examination of the establishments showed—
 (1) That the present establishments were inadequate to the protection of the revenue and insufficiently trained for distillery control (paras. 466—473); and
 (2) that the Province could well afford a much more efficient establishment (paras. 477-8).

577. And a specialized establishment on the Bengal model, to be subsequently developed into one on the Madras model, was recommended (paras. 488, 479).

578. An examination of the law showed—
 (1) That Act XII of 1896 cannot only not be applied to Berar, but needs radical alteration in the Provinces in which it is at present in force (para. 506).
 And the introduction of a new Act on a much more permissive basis was recommended (para. 518).

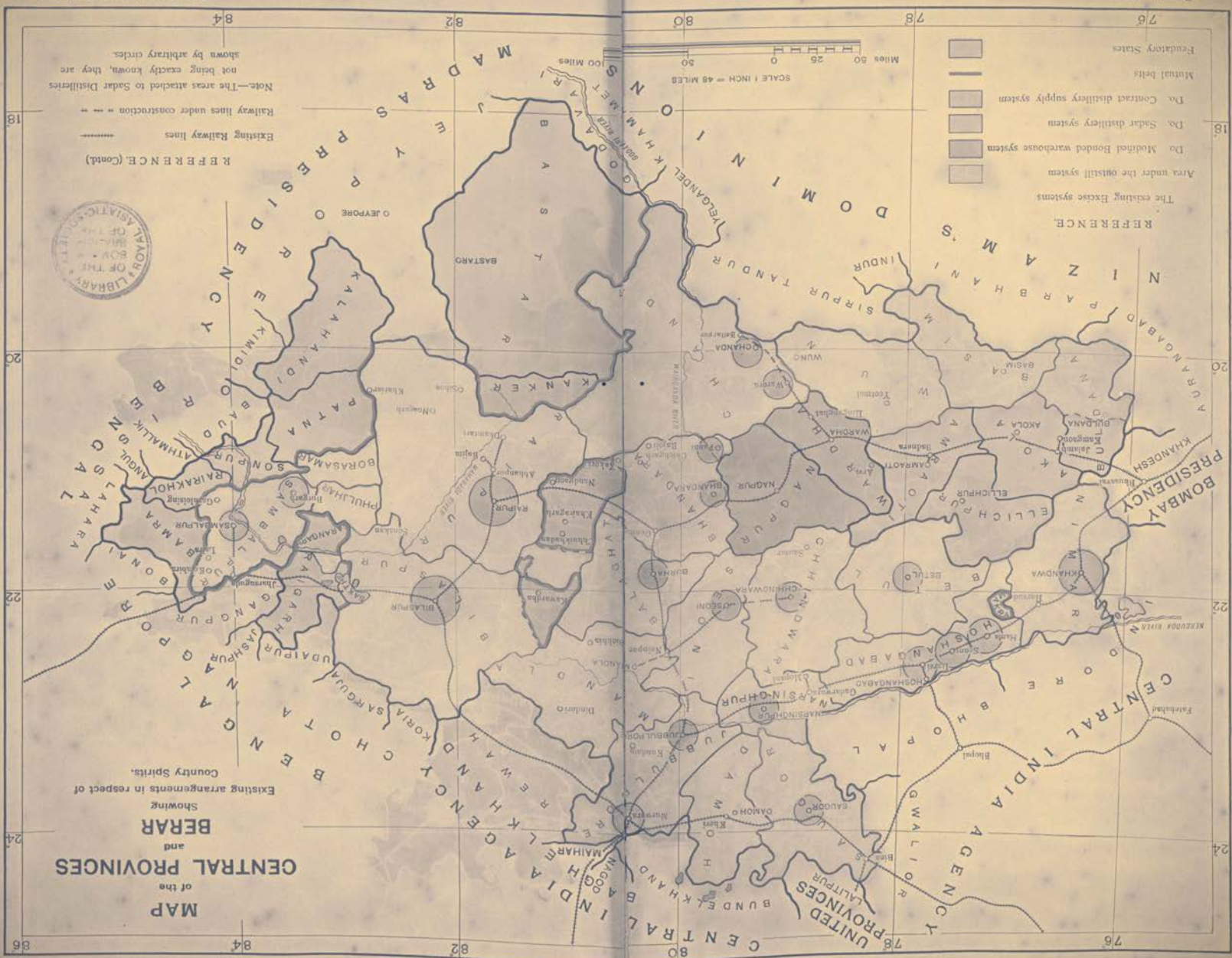
579. As a result of an examination of arrangements with zamindaris, Feudatories, Native States and other Administrations it was found—

(1) That the process of resumption of the excise rights of the zamindars had been unduly delayed (paras 534—6);
 (2) that the arrangements with Feudatories were generally satisfactory (paras. 541-2), but lacked uniformity (paras. 547-8) and were defective in points of detail (para. 552); and
 (3) that the defective arrangements in adjacent Native States were responsible for an enormous loss of revenue and fatal to proper administration on the border (paras. 557-8).

580. And it was recommended—
 (1) That the amalgamation of the excise administration in zamindaris with that in the khalsa should be completed at as early a date as possible (para. 536);
 (2) that the Feudatory Chiefs should be invited to surrender their privileges in respect of the supply of opium and *ganja* on payment of equitable compensation (para. 553); and
 (3) that the Government of India should be moved to secure the proper control of the cultivation and manufacture of opium and *ganja* and the taxation of local consumption in Native States as well as the acceptance of the principle of the shopless zone (para. 559); and that arrangements should be made to take a lease of the excise arrangements of outlying portions of the Panna and Nagod States that lie within the boundary of the Central Provinces (para. 560).

APPENDIX I.—MAPS.

- a.*** Map illustrating the existing country spirit arrangements in force in the Central Provinces and Berar.
- b.*** Map illustrating the arrangements proposed for ultimate adoption.
- c.*** Map illustrating the arrangements proposed for immediate introduction.





Proposed arrangements in respect of
Country Spirits for 1905-06.



REFERENCE (Contd.)

Existing Railway lines

Railway lines under construction — — — — —

Note.—The areas attached to Sadar Distilleries not being exactly known they are shown by arbitrary circles.

APPENDIX II.—COMMITTEE'S PROCEEDINGS.

Part I.—Meetings with District Officers.

Proceedings of a Meeting held at Raipur on March 16th, 1904, to discuss the Excise Committee's preliminary proposals.

PRESENT :

F. A. T. PHILLIPS, Esq., I.C.S., Commissioner, Chhattisgarh Division.

A. B. NAPIER, Esq., I.C.S., Deputy Commissioner, Raipur.

S. M. CHITNAVIS, Esq., S.C.S., Deputy Commissioner, Sambalpur, and

Messrs. TODHUNTER, MARSHALL and JAGESHWAR BAPUJI BODHANKAR of the Excise Committee.

Mr. MONTGOMERIE, Deputy Commissioner, Bilaspur, had written to say that, as he was camping at a distance, he was unable to be present.

The scheme is generally accepted.

*Page 40.—In reference to the fall of revenue noted, the Deputy Commissioner, Sambalpur, explained that the troops had been removed from that place in 1902-03. The Sadar Distillery management has been bad, however, and there has been extensive smuggling from out-stills.

Page 73.—In explanation of the extreme disproportion in the number of shops to area and population between Bilaspur and Sambalpur, Mr. Chitnavis remarked that there was a much larger proportion of drinking castes in the latter district.

Page 84.—Mr. Napier remarked that Mr. Dunne, Assistant Settlement Officer, Mandla, when stationed at Chanda, had made experiments in extracting *gur* from *mahua* with some success.

Page 97.—The possibility of adopting any administrative unit, such as the area attached to a police outpost or a Revenue Inspector's circle, as the limit for circles of vend was discussed, and it was agreed that, while these units were too large, it was desirable that each circle of vend should be made up of one or more complete *Patwari* circles.

Page 100.—It was agreed, after discussion, to limit the application of the out-still system to the following areas :—

Raipur.—The zamindaris and all the non-zamindari khalsa area to the east of the Mahanadi, except Kasdol and the Sanjari and Sihawa tracts of the Dhāmṭari tahsil.

Bilaspur.—The northern zamindaris and the Sonakam block in the south.

Sambalpur.—Phuljhar, Borasambar, Kolabera, Lahera, Garh Loisingh and the non-zamindari khalsa portion between Lahera and Garh Loisingh.

A shopless zone two to four miles wide to be instituted in out-still areas adjoining areas under the Central Distillery system.

Page 109.—The relative merits of Bilaspur and Raipur as situations for a Central Distillery were discussed. Bilaspur has at present the advantage of situation and water supply, and a good site for a distillery is available close to the railway station. On the other hand, the nature of the soil makes building very expensive, particularly if an upper storey is contemplated. Raipur is likely to be the centre of several railways at an early date. As they are of different gauges its selection would save change of gauge, and, if Sambalpur is severed from the Central Provinces, Raipur will be more central for the area to be served, but the only source of water supply would be the town water works and it is doubtful if these could supply all that is required.

Agreed—that the Excise Commissioner should furnish the Deputy Commissioner, Raipur, with figures of the probable supply of water required, and that the latter should report, after consulting the Executive Engineer, on the respective cost of building at Bilaspur and supplying water at Raipur.

Page 102.—The question whether warehouses should be established at the towns of Arang and Ratnapur being discussed, it was decided that, as Arang has only one shop and Ratnapur a large Satnami Chumar population, this is unnecessary, and that it would be advisable to constitute each a vend circle by itself.

On the question of the future administration of Excise in zamindaris, the Deputy Commissioner, Sambalpur, expressed his readiness to adopt the new system in its entirety and sell the zamindari farms, which must continue under out-stills for the present, in small circles.

* *Note*.—The references are to the pages of the "Note on Abkari Changes" circulated to district officers. The scheme therein suggested was one of Government Central Distilleries, the second of the alternatives proposed in Chapter VI.

The Deputy Commissioner, Raipur, thought it inadvisable for political reasons to go so far as this at present, but proposes to do so in a year or two as soon as the present discontent amongst the zamindars has subsided. Meanwhile he proposes to renew the farms to the zamindars for a year at a time and to increase the payment to be made by them where a careful valuation shows this to be necessary; also to thoroughly revise the *halkabandi* as soon as a sufficient staff is available. The Deputy Commissioner, Bilaspur, must be referred to as regards the action to be taken in this respect in his district.

The Commissioner pointed out that, in regard to all zamindaris that have been under the Court of Wards' management, accurate figures should be available as to the value of the contracts.

On a discussion of the matter of auctions, it was agreed that the proposed arrangement for cash deposits before and after auction was desirable, and that the bidding ought to be in terms of monthly rentals.

The proposals in regard to foreign liquor were accepted. The necessity for preventing sale by railway refreshment rooms to the outside public was commented on.

As regards *tari*, Mr. Chitnavis thought that there would be no difficulty in getting some of the Sambalpur tappers to instruct those in Wardha and elsewhere in tapping after the Sambalpur method.

As regard *pachwai*, the Deputy Commissioner, Sambalpur, estimates the consumption at 10,000 gallons a year. It is confined to Kols, Gonds, Gandas and Ghassias. Another drink called *sugda* is consumed by the Gonds. He is unaware of any ill-effects resulting from the consumption, and there is no *beri-beri* in Sambalpur. *P'achwai* is manufactured for home consumption except in Sambalpur and Jharsogra, where there is some sale.

The Bengal system of taxation was discussed. The local officers, who alone have any knowledge of the matter, are of opinion that the consumption is insufficient at present to justify taxation.

As regards opium, the fall in consumption being discussed, it was pointed out that there is a good deal of smuggling by Marwaris in their baggage; also that bad management by the Sambalpur contractor had resulted in the contraction of sales. Mr. Napier was of opinion that the most satisfactory check on smuggling was to require all opium sellers to keep an account of the name of each purchaser and to make the preventive staff gather information as to consumers and see that any variation in their purchases is accounted for. Mr. Marshall would add a provision that the cake should be sealed as in Berar and no opium sold except straight off the cake, the making of pills, etc., being prohibited. The separation of the opium and *ganja* contracts can only be introduced gradually, beginning with large towns. It was agreed that no alteration in the supply price was necessary in this division.

As regards *ganja*, the Deputy Commissioner, Sambalpur, stated that the report that Gangpur *ganja* had been purchased at Kanika station at 1 anna a tola was in error, but that there was undoubtedly extensive smuggling from Jeypore and Sirguja and Udaipur. Particulars of cases detected will be collected with a view to a reference to the Governments concerned.

As regards "foreign" *bhang*, Mr. Chitnavis stated that it is undoubtedly intoxicating, but to a less degree than *ganja*. Mr. Napier suggested that, before any proposals are made for increasing the taxation, samples of what is issued as *bhang* in Provinces that define it strictly should be examined.

In the matter of wholesale supply it was generally agreed that the present system was very dangerous, and that it is a common thing for bales to be tampered with in transit. Mr. Napier suggested that experiments should be conducted in improved methods of packing. He believed some had been made by a former Bilaspur contractor. There is a widely accepted opinion amongst the vendors that *ganja* deteriorates when not exposed to the air.

In respect to the system of supply to Feudatory Chiefs, it was explained that indents are received through the Political Agent and the Deputy Commissioner, and that the countersigned indent, which is the authority for the issue, is returned through the same channel. The *ganja* in transit is covered by a pass-book. As a further preventive of fraud it was agreed that the Chiefs should be asked to give a receipt for the *ganja* issued to their States.

The proposed separation of the Excise and general Land Revenue establishments was accepted.

(Sd.) F. A. T. PHILLIPS.

(,,) C. G. TODHUNTER.

*Proceedings of a Meeting held at Nagpur, on 21st March 1904, to consider the
Excise Committee's preliminary proposals.*

PRESENT :

R. H. CRADDOCK, Esq., I.C.S., C.S.I., Commissioner, Nagpur Division.
J. WALKER, Esq., I.C.S., C.I.E., Deputy Commissioner, Nagpur.
R. G. PANTIN, Esq., I.C.S., Deputy Commissioner, Wardha.
J. T. MARTEN, Esq., I.C.S., Deputy Commissioner, Chanda.
W. F. BAGLEY, Esq., Extra Assistant Commissioner, Bhandara, and
Messrs. C. G. TODHUNTER, R. W. G. MARSHALL and JAGESHWAR
BAPUJI BODHANKAR of the Excise Committee.
Mr. LOW, Deputy Commissioner, Balaghat, who was unable to be present, had
sent a written opinion, which will be separately dealt with.

The general outlines of the proposed scheme were approved. Mr. Craddock, without objecting to the rates of duty proposed, pointed out the necessity for as accurate a calculation as possible of all matters connected with them, and drew attention to the facts that concentration of distillation would increase the charges on account of the cost of carriage of *mahua*, and that, under the proposed system of distribution of cost of carriage of liquor, an unexpected increase in demand in an outlying area might largely reduce the contractor's profits. With a view to further testing of their calculations the Committee proposed to attempt to work out the actual cost of carriage to all warehouses in the Nagpur division on the estimated consumption and cost of carriage thence to the most outlying shop in each district.

The rule regarding the limitation of the size of the *deg* at out-stills was discussed. It appears that it is retained in some old licenses, but nowhere strictly enforced, nor is its purpose understood by the local officers. Mr. Marten was of opinion that as a restriction the rule was practically inoperative.

Mr. Craddock stated that the number of shops in Balaghat is very excessive, a statement which is confirmed by Mr. Low's written note. The Commissioner sees no objection to the proposal to fix talukwar maxima and minima.

The proposed arrangements for supply of sugar spirit were approved. It was agreed, on Mr. Marten's motion, that the present rule regarding restriction of foreign liquor licenses to places where there is a European demand is too strict.

As regards the site of the Central Distillery proposed for this division, Mr. Walker pointed out that there is plenty of water available at the present site if there is no objection to the use of water impregnated with chlorine from the cotton mills for the condensers.* At the same time, the present situation of the distillery is a cause of complaint. Other alternative sites were discussed, and it was decided that the suitability of Gondia, which is a railway junction and where labour, *mahua* and fire-wood are comparatively cheap, should be considered.

The necessity for instituting warehouses at towns of over 5,000 population which are not tahsil head-quarters was discussed, and it was agreed that it would probably be sufficient to constitute each of these towns in this division into a circle of vend by itself, except in the case of Kamptee where the shops should be sold singly, but allowed to supply themselves from the Nagpur distillery direct. In this connection Mr. Craddock remarked that, in view of the existing distribution of roads, circles of vend should be attached to the distilleries or warehouses which could most readily supply them, without necessarily confining them to the warehouses in the tahsils to which they belong.

As regards the further restriction of the out-still area, the proposals for Chanda and Balaghat were accepted with the remark that an extension of the new system on to the Baihar plateau in the latter district will probably shortly be possible.

As regards Bhandara, it was agreed, on Mr. Bagley's motion, that the out-still system should be retained in the Chichgarh, Rajoli and Kakori tracts. The Jamakodi or Dharakasa tract, being on the railway, might come under the new system.

It does not appear possible to terminate either the Nagpur or Warora contracts before the 31st March 1906. If no legal objection exists, Wardha may be brought under the new system from 1st April 1905, being supplied from Akola under a separate annual contract. The Commissioner was of opinion that experience should be awaited before further extensions were made.

The proposed system of deposits at auctions was approved and it was agreed that bids should be taken in terms of monthly rentals.

It was agreed that the proposed prohibition of sale of opium and *ganja* on the same premises should be limited to large towns for the present, and that the precautions adopted in Berar with a view to the prevention of the sale of smuggled opium mixed with Government opium should be given a trial.

In respect to the variation in opium prices it was agreed that, as the Berar retail price is higher than that of the surrounding areas, it is desirable to reduce the taxation in Berar so as to enable opium to be sold there at about the same price as in the Central Provinces, Mr. Walker laid stress on the necessity for putting a stop to large opium contracts

* Note.—The action of the chlorine would be likely to destroy the metal of the worms.

The Central Provinces and Berar systems of wholesale vend of *ganja* were discussed, and it was agreed that, if possible, purchase of the crop by Government and supply through treasuries in boxes of fixed weight would be preferable to either system, in addition to providing a check on combinations of cultivators or wholesale vendors.

The question of prohibiting the import of *charas* was discussed and it was agreed to recommend that it should be prohibited subject to a reservation that, if a demand for *charas* is shown to exist for a particular class, as for instance, a Punjabi regiment, the Commissioner of Excise might license import of a sufficient quantity and grant a special license for sale.

It was agreed that the so-called "foreign" *bhang* was undoubtedly intoxicating, and Mr. Bagley proposed that its import should be prohibited and arrangements made for local production of *bhang*, which consisted only of the leaves of the hemp plant. Mr. Craddock pointed out that the consumers of *bhang* were for the most part a rich class who could well afford to pay for their luxury. After some discussion the matter was left to be further investigated by the Excise Committee.

The consideration of the question of the introduction of the tree-tax system into the Nagpur and Wardha districts was adjourned for consideration at another meeting to be held on the 22nd instant.

(Sd.) R. H. CRADDOCK.

(„) C. G. TODHUNTER.

Proceedings of a Meeting held at Nagpur on March 22nd, 1904, for further discussion of the Excise Committee's proposals.

PRESENT :

J. WALKER, Esq., I.C.S., C.I.E., Deputy Commissioner, Nagpur.

J. T. MARTEN, Esq., I.C.S., Deputy Commissioner, Chanda.

R. G. PANTIN, Esq., I.C.S., Deputy Commissioner, Wardha.

W. J. BAGLEY, Esq., Extra Assistant Commissioner, Bhandara, and

Messrs. TODHUNTER and MARSHALL of the Excise Committee.

Mr. JAGESHWAR BAPUJI BODHANKAR was unable to attend owing to illness.

Mr. Todhunter read a note prepared with reference to the suggestion made at the previous day's meeting, on the cost of carriage of proofliquor to each of the proposed warehouses in the Nagpur Division and of 60° u.p. liquor to a distance of 50 miles further.

Agreed—that the rates allowed for carriage in the calculation at page 95 of the "Note on Abkai Changes" are more than sufficient. The cost of carriage to warehouses ought not ordinarily to exceed six pies per gallon and from warehouses to shops from three to six pies, but allowance must be made for the shop-keepers' want of capital and business habits. The margin allowed is more than sufficient for this purpose.

The proposed rate of duty was further discussed. It was pointed out that the rates at present in force in Nagpur and Nimar as entered in the table on page 95 of the Note were incorrectly given.

The correct rates for proof are—

Nagpur	...	...	...	Rs.	a.	p.	Rs.	a.	p.	
Nimar	...	...	...	3	9	5	to	2	10	10
	...	...	...	2	10	7		2	8	9

The proposed rates involve an increase in the price of 60° u.p. liquor at the Nagpur warehouse of nine annas a gallon over present prices, and the proportion of shop-rents to still-head duty allowed is less than the normal.

Agreed—after discussion—that it was inadvisable to make any immediate increase in the duty and better to begin with rates which were, if anything, less than the figures indicated as reasonable and to defer raising them till a rise in the license fees showed this to be desirable. Rates of Rs. 3-2-0 and Re. 1-14-0 per proof gallon for industrial and agricultural districts, respectively, were agreed upon. The former is practically the existing Nagpur and Berar rate and the latter the lowest of the rates in force in other Provinces.

The distribution of districts in the Nagpur Division needs no change. Mr. Walker proposed that the addition of the Sausar tahsil of the Chhindwara district to the area under the higher rate of duty should be proposed to the local officers at Hoshangabad.

Mr. Walker suggested that all Shahjahanpur rum imported for sale in foreign liquor shops should be imported in bond. The proposals to auction shops for the sale of foreign liquor for consumption on the premises and to tax coloured Shahjahanpur rum at the full tariff rate were approved.

As regards Kastur Chand Daga's request for permission to erect a rum distillery, it was decided that this might be permitted on the conditions that he might supply contractors under the proposed country liquor system with uncoloured rum in bond or foreign liquor licensees with coloured rum subject to the tariff rate of duty, and on no others.

On the subject of *tari*, Mr. Walker considered that the *tari* drinkers frequently cannot get a sufficient supply of their favourite beverage, and cited a case in which an inebriate had attempted to commit suicide because he was unable to get *tari*. Mr. Pantin remarked that a number of shops in the Wardha district were at present closed, apparently through arrangement with the country liquor shop-keepers. Even a count of the trees at present tapped would give a very inadequate idea of the amount of revenue derivable.

Agreed, after discussion, that a trial of the tree-tax system is desirable, and that a beginning had better be made in one district of Berar, *e.g.*, Amraoti, where there is less difficulty about ownership owing to a large number of the trees belonging to Government. Meanwhile the circles of vend in Nagpur and Wardha should be broken up and the *tari* contracts entirely dissociated from the contracts for sale of country liquor.

(Sd.) J. WALKER.

(„) C. G. TODHUNTER.

*Proceedings of a Meeting held at Amraoti, on March 24th 1904, to discuss the
Excise arrangements of Berar.*

PRESENT :

R. D. HARE, Esq., C.I.E., Commissioner, Berar.
Lieutenant-Colonel WARREN HASTINGS, I.A., Deputy Commissioner, Ellichpur.
H. GODWIN-AUSTEN, Esq., Deputy Commissioner, Amraoti.
MAULAVI MUHAMMAD NIZAM-UD-DIN HASAN KHAN, B.A., B.L., Deputy
Commissioner, Wun.
RUSTOMJI FARIDONJI, Esq., Deputy Commissioner (on special duty).
MUNSHI AZIZ-UD-DIN, Assistant Commissioner, Buldana,
and Mr. C. G. TODHUNTER of the Excise Committee.
Major R. P. COLOMB, Deputy Commissioner, Akola, arrived after the meeting,
but, on a perusal of the proceedings, endorsed its conclusions with one addition,
noted at page 7 below.

The general outlines of the system proposed are practically those of the system at present in force in the contract distillery area of Berar. Mr. Hare pointed out that the proposal to extend it to the area at present under out-stills would need to be specially brought to the notice of the Government of India, which had desired a special report before any such extension was made. Subject to this remark, he was wholly in favour of the extension.

The Berar Excise and Ganja Law is working satisfactorily, but there is no objection to the introduction of a new Act on the same lines for the Central Provinces and its application to Berar under Section 5 of the Foreign Jurisdiction and Extradition Act.

As regards the proposed rates of duty, the continuance of the Rs.3-2-0 rate in the contract distillery area was accepted. Mr. Hare thought it undesirable to introduce the higher rate into the present out-still areas at once. Mr. Rustomji proposed that the lower rate should be introduced into these districts for the first year or two and subsequently raised. Mr. Godwin-Austen was of opinion that there was less danger of illicit distillation in Berar than in the Central Provinces owing to the existence of the *watandar* system of hereditary village officers who would prevent crime of this kind if they were held responsible.

Agreed—that it would be best to place the present out-still areas under the lower rate of duty to start with. In the Melghat no change is needed. Colonel Warren Hastings remarked that the reason why so many people cross from the portion of the taluq above ghats into Hoshangabad is that no shops are sanctioned in the reserved forest.

As regards the arrangements for wholesale supply, Mr. Hare was doubtful if there would be a sufficient number of capitalist distillers forthcoming to take up contracts on the Akola terms for the whole of the Central Provinces and Berar. Colonel Warren Hastings was of opinion that there would be no difficulty in getting contractors if the contract was given for a long enough period, and suggested a term of five years.

The capacity of the existing distilleries was discussed, and Mr. Hare read a statement which showed that, on the present contractor's estimate, Akola and Ellichpur between them could supply from $8\frac{1}{2}$ to $9\frac{1}{2}$ lakhs of gallons of 60° u. p., *i.e.*, 3,80,000 gallons proof a year. The total consumption of Berar and the Wardha district at the rate of consumption per head in Akola is 2,95,532 gallons proof. There would be no objection to the supply of Wardha, Basim, Wun, and the rest of Buldana from these distilleries under a separate contract from 1st April 1905, if satisfactory terms could be arranged with the contractor.

The question of distribution and retail sales was discussed. The Berar districts are well supplied with roads and shop-keepers experience no difficulty in getting their supplies from warehouses at taluq head-quarters, though these are often situated twenty miles away from the shop.

The system of separate sale of shops is already in force, and reversion to vend areas would be a retrograde movement.

As regards warehouses, the policy of transporting at a high strength and blending at warehouses was discussed at length, as well as the rule under which the contractor is permitted to keep the key and the Sub-Inspector is required to seal the lock after each visit. Colonel Warren Hastings saw no objection to the key of the warehouse being kept by the Sub-Inspector and to blending at warehouses if the saving in carriage can be shown to be worth the extra expense of an improved staff. The feeling of the meeting generally was against any change in the present system, which is working satisfactorily.

Mr. Nizam-ud-din described the excise arrangements in force in the Hyderabad State. The contract distillery system is in force in the Secunderabad Cantonment. Elsewhere liquor is supplied through a system of out-stills coupled with a tax on the *mahua* used in distillation. Opium cultivation is not allowed, but is carried on surreptitiously by *jagirdars*. *Ganja* cultivation appears to be allowed. (Mr. Aziz-ud-din cited a case in which a cart-load had been detected.) *Jagirdars* have excise rights covering one-third of the State.

On the question of a mutual shopless zone, Mr. Hare thought it advisable that the Government of His Highness the Nizam should be approached. Mr. Nizam-ud-din thought that there was no reason why the Nizam's Government should not consent to this arrangement. Mr. Hare did not recommend the introduction of a low duty belt along so extended a frontier.

On the question of supply of sugar spirit, the meeting agreed, on Colonel Warren Hastings' motion, that there was no need for supply of this liquor through country liquor shops.

On the question of deposits at auctions, it was explained that a system of sureties is much preferred. The present Berar system is to require each bidder to produce a certificate from the *Patel* that he is solvent and that he can find a surety if called upon to do so. This is checked by the *Tahsildar* before the bid is finally accepted. Within ten days after auction the bidder and his surety must execute a security bond, failing which he must pay one-fourth of the amount of his annual bid. There is no need for any alteration in the system, which works well in practice, as it results in few irrecoverable arrears and avoids all the trouble involved in a system of deposits.

As regards the conduct of the auctions, the meeting saw no objection to the bids being in terms of monthly rentals, but was inclined to prefer the system of bidding in terms of yearly rentals to which the bidders are accustomed.

The advisability of introducing legislation similar to the Mhowra Flowers Act of Bombay or of prohibiting the destruction of the *mahua* tree as in the Central Provinces was discussed. Mr. Nizam-ud-din pointed out that legislation similar to the Mhowra Flowers Act is in force in the United Provinces.* It causes no great hardship there, but, on the other hand, is not sufficient to prevent illicit distillation. The general feeling of the meeting was against any such legislation. Mr. Hare was of opinion that legislation prohibiting the destruction of *mahua* trees by private owners is not feasible.

The number of shops in the Wun district was discussed, and it was pointed out that there was an unusually large number on the river bank, the classes who live on the water being generally large consumers of liquor. In view of the fact that different rates of duty are proposed for Wardha and Wun, it was decided that the question of continuing each of these shops should be strictly looked into.

The present system of levying the additional duty on Shahjahanpur rum was explained. The importer gives notice of arrival and the quantity imported is checked by a *Tahsildar* or Excise officer with the advice. No test of strength is made. Duty is collected at half the amount shown in the Shahjahanpur Collector's advice. In view of the varying rates of taxation on this liquor, import in bond is the only satisfactory system of preventing fraud. Though sold at foreign liquor shops, it is defined as "country liquor" under the Berar Excise Law in order to render import, except under the arrangement above mentioned, penal, but the restrictions imposed on possession, etc., of country liquor have not been applied to it in practice. No cases of import of Shahjahanpur rum that had paid only the United Provinces or Central Provinces rate of duty have been detected, but there is every facility for such import and no special attention has been given to the matter.

With reference to the proposal to auction the licenses for sale of foreign liquor for consumption on the premises, Mr. Godwin-Austen took the objection that these shops constituted in Berar the meeting places of a respectable class of consumers which they would cease to do as soon as the Deputy Commissioners ceased to control the selection of the licensees. It was admitted, on the other hand, that the present system of fixing the license fee with reference to the licensee's own accounts of his previous year's sales subject to a maximum of Rs.250 a year was unsatisfactory. After a perusal of Government Order of the Madras Government No. 40, Revenue, dated 25th January 1895, on which the Committee's proposal is based, Mr. Hare suggested that it should be optional to Deputy Commissioners to continue the grant of licenses on a fixed license fee in the cases suggested. This proposal was generally accepted. The rules governing the grant of "first class shop licenses" in the Punjab were subsequently placed before the Commissioner and accepted by him as suitable to the circumstances of Berar, subject to a revision of the scale of license fees.

Mr. Rustomji explained that under the present *tari* arrangements shops are sold in small groups each drawing its supply from *sindhbans* in the contract area. The trees on waste land belong to Government, the rest to the occupants or lessees of the land. The Forest Department make no charge for the use of Government trees, and contractors are allowed full

* NOTE.—It has been ascertained by a reference to the Excise Commissioner, United Provinces, that this statement is in error.

rights over them, but no tapping in reserved forests is permitted. The *izaradars* charge small fees as a rule, but Mr. Nizam-ud-din remarked that those of the Wun district had not yet succeeded in making the tappers recognize their title to the trees. Colonel Warren Hastings had made enquiries regarding the palm weevil, and found little evidence of destruction of trees through this cause. The proposal of the Nagpur meeting that the tree-tax system should be tried in one district of Berar was discussed. Mr. Hare thought that the revenue from *tari* was too insignificant to make it worth while to introduce the system,* but had no objection to a trial being made on behalf of the two Provinces. Agreed, on Colonel Warren Hastings' motion, that a trial should be made in the district of Basim.

The rules for the protection of Government trees adopted by the Madras Board of Revenue on the Government Botanist's report were accepted. Mr. Aziz-ud-din, after a perusal of the correspondence on the subject, was not convinced that it was unnecessary to protect the cut against various pests after the conclusion of tapping, and suggested the addition of a provision that it should be plugged up with cow-dung and mud.

There is no consumption of *pachwai* or other country-made beers in Berar.

As regards opium, Colonel Warren Hastings explained that import from Bombay was allowed on the same terms as from Indore. He was not satisfied with the system, and cited a case in which the documents received with the opium showed that the importer had paid considerably less than the proper duty. Mr. Aziz-ud-din stated that there was much smuggling from Khandesh, Nimar and Malwa into Buldana. Mr. Hare said that smuggling from Malwa was very rife, and was of opinion that it was necessary to give police officers of sufficient rank power to search on suspicion. The proposal that Berar should be supplied from Ghazipur had already been made by the Berar authorities, and was fully accepted; as also was the suggestion that the Central Provinces price for opium supplied from treasuries should be adopted.

The Berar system of making up opium into balls and stringing and sealing them was discussed. Colonel Warren Hastings stated that the system had never led to the detection of a case. Mr. Aziz-ud-din, however, cited one case in which a vendor had been caught in the act of concealing opium which the absence of string and seal proved to be foreign opium. Mr. Hare thought that the system was useless and that the only proper substitute was for the factory to make up the opium in small boxes or packets which could not be counterfeited. The general sense of the meeting was to the same effect.

It was agreed that it was impracticable and unnecessary at present to require opium and *ganja* to be sold on different premises.

In this connection Mr. Aziz-ud-din remarked that the strict enforcement of a recent order of the Excise Commissioner's that not more than three opium shops should be held in one interest would mean the closure of a large number of shops.

As regards *ganja*, it was agreed that a system of purchase of the crop by Government and supply at a fixed price in boxes of fixed weight through treasuries would undoubtedly be an improvement on present arrangements.

The respective merits of the Berar and the Central Provinces arrangements for wholesale supply were discussed. Mr. Rustomji pointed out that the adoption of the latter would not be legal under the Berar Excise Law and doubted if the grant of a direct monopoly of wholesale supply would relieve the present difficulties in Basim and Buldana. The Berar system of free competition has the advantage that the retail vendor secures a better quality of *ganja*. It was agreed that no change was necessary.

As regards the *bhang* supply, Colonel Warren Hastings pointed out that the present arrangement under which the refuse resulting from the cleaning of *ganja* was sold as country *bhang*, half the sale-proceeds being credited to the wholesale vendor and half to Government, gave great opportunities for fraud by passing a large percentage of good *ganja* into the refuse, and suggested that this refuse should be issued as *ganja* or destroyed. Mr. Hare stated that the habit of drinking 'foreign' *bhang* was only common among the Ghosais of Upper India, and was of recent introduction into Berar, and suggested that the import of 'foreign' *bhang* should be prohibited. These propositions had the assent of the meeting.

Nothing was known of any import of *charas* into Berar.

The question of the proposed separation of the excise and general revenue establishments was discussed at length. Mr. Godwin-Austen and Mr. Rustomji pointed out that, if the Excise staff was completely severed from the control of the Deputy Commissioners, it would lack the support of the police and the *Patels*, and Mr. Aziz-ud-din pointed out that even the present Excise staff had met with similar difficulties on their first appointment and before it was understood that they were working under the orders of the Deputy Commissioner. It was agreed that, while some measure of separation was undoubtedly advisable, it should not be carried too far, and that the Deputy Commissioner's control over the preventive establishment should not be withdrawn. An increase in the present establishment is necessary, particularly in the out-still areas where there are no Inspectors at present. The post of Personal Assistant to the Inspector-General of Police and Excise has been absorbed under the new arrangements in the Police Department.

(Sd.) R. D. HARE.

(„) C. G. TODHUNTER.

* Major Colomb concurred in this view. Writing with an experience of four districts, he gave it as his opinion that it should be recognized that *tari* is not an important feature in the Berar Excise system, and that the tendency is toward a downward rather than an upward movement. Few experiments and few alterations were needed in connection with it.

Proceedings of a Meeting held at Jubbulpore, on the 29th March 1904, to consider the Excise Committee's proposals and the Excise arrangements of the Jubbulpore Division.

PRESENT :

M. W. FOX-STRANGWAYS, Esq., I.C.S., Commissioner, Jubbulpore Division.
 R. A. B. CHAPMAN, Esq., I.C.S., Deputy Commissioner, Saugor.
 E. R. K. BLENKINSOP, Esq., I.C.S., Deputy Commissioner, Jubbulpore.
 A. C. F. B. BLENNERHASSETT, Esq., I.C.S., Deputy Commissioner, Seoni, and
 Mr. C. G. TODHUNTER of the Excise Committee.
 Mr. COXON, Deputy Commissioner, Damoh, was unable to be present on account of ill-health, and Mr. CRAWFORD, Deputy Commissioner, Mandla, had already discussed the proposals relating to that district with the President of the Excise Committee on the spot.

The general outlines of the scheme were accepted. In connection with the supply of spirit, the possibility of arranging for supply by distillers either within or outside the Province using their own premises in preference to building Government distilleries was discussed. It was agreed that there would be no objection to this provided imports from outside the Province were made in bond and that the spirits were of good quality and not very different in taste from good *mahua* spirit. Mr. Todhunter explained that at the previous meetings it had been agreed to reduce the rates of duty to Rs. 3-2-0 and Rs. 1-14-0. The latter rate was accepted as suitable for the Jubbulpore Division.

As regards the areas to be retained under the out-still system, Mr. Blenkinsop suggested the addition of a portion (to be exactly defined after further enquiry) of the Kundam circle in the Jubbulpore district, which borders on the Dindori tahsil of Mandla. The Commissioner concurred, and the proposal was accepted. Mr. Blennerhassett suggested the inclusion of some outlying portions of the Seoni district. The Commissioner thought this to be unnecessary as they border on areas which it is proposed to include under the new system and as they will shortly be provided with good means of communication. The proposal was withdrawn. The inclusion of the Dindori tahsil and Gugri circle of Mandla was accepted after discussion. Mr. Fox-Strangways pointed out that these areas are for the most part open country and not largely inhabited by Gonds, and may therefore be suitably brought under the new system.

It was agreed that the number of shops in the Mandla district must be reduced so far as is possible without giving rise to illicit distillation.

In respect to the necessity or otherwise of establishing warehouses at Gharakota and Etawah, Mr. Chapman stated that Gharakota was rapidly losing its importance; Etawah is a growing place, but only twelve miles by rail from the tahsil head-quarters. The system of separate sale may be introduced now, but there is no need for a warehouse.

The question of the best date for the commencement of the supply contracts was discussed. When the contract is a short one, it is necessary to wait till the *mahua* crop has declared itself. Mr. Blenkinsop pointed out that there was no need for this if a long contract was to be given, and that the 1st October would be the most suitable date in order to allow the distiller to lay in a stock of liquor in the cold weather.

In respect of the proposed arrangements for supply of sugar spirit, Mr. Fox-Strangways was of opinion that there is no necessity for compelling distillers to keep both *mahua* and sugar spirit. It was agreed, on Mr. Chapman's motion, that it was sufficient to make such an arrangement permissive.

In a discussion as to the necessity for alteration of the existing law, Mr. Fox-Strangways pointed out that an out-still is a distillery sanctioned under Section 6 and that transport of any quantity of spirit from one out-still area into another is illegal. He considered this necessary under the present system in order to safeguard the contractor's monopoly, but it would not be necessary under a system of proper control. Mr. Blenkinsop stated that it was impossible under the law as it stands to punish infringements of the arrangements under which drawback is given on coloured liquor passed out of the Jubbulpore distillery for consumption in rural areas. Mr. Chapman saw no legal means of levying the difference between the United Provinces and Central Provinces rates of duty on Shahjahanpur rum imported from Jhansi and elsewhere into the Saugor district.

On the question of illicit distillation it was agreed that the small number of prosecutions was due rather to the insufficiency of the establishment than to the absence of crime. Mr. Fox-Strangways thought that the prevalence of this offence in Mandla in spite of the comparatively large number of shops and the cheapness of liquor was due to the character of the population. The police are rewarded for cases convicted. The Mandla police are the worst in the division. Mr. Blennerhassett remarked that there had been several complaints of illicit distillation in Seoni. The question of the introduction of the Mohwra Flowers Act was discussed. Mr. Fox-Strangways was strongly opposed to it on the ground that *mahua* entered largely into the food of the people. The Deputy Commissioners concurred.

Messrs. Blenkinsop and Blennerhassett objected to the proposal to auction licenses for the sale of foreign liquor for consumption on the premises on the ground that this would cause

* In a letter since received the Deputy Commissioner, Mandla, explains that the correct name of the circle is the Bicchia circle.

much interference with the business of respectable shops and hotels and remove the Deputy Commissioner's check on the character of the licensee. Mr. Todhunter explained that the proposal is not intended to apply to hotel licenses, and, as regards the rest, suggested the adoption of the Punjab system of 1st class licenses at high fixed fees for respectable shops in cantonments, civil stations and elsewhere, and 2nd class licenses for shops in the bazar to be sold by auction. This proposal was accepted after discussion. Mr. Blenkinsop saw no objection to the grant of monthly licenses at a fixed fee to hotels which maintain bars.

On the question of deposits at auctions, Mr. Blenkinsop stated that he had tried a system similar to that proposed at the recent auctions in Jubbulpore with success. The meeting saw no objection to bids being taken in terms of monthly rentals.

In connection with the Jubbulpore brewery rules, Mr. Fox-Strangways said that the present rules had been made as elastic as possible with a view to encouraging a new venture, and that there was no reason why matters should not now be put on a business footing, and that it would be better that this should be done as part of the general overhauling of the excise arrangements than that matters should be left to be remedied when necessity arose through the opening of a brewery under less trustworthy management or otherwise. Mr. Blenkinsop undertook to consider the suitability of the Madras rules at a later meeting. On the question of the 5 per cent allowance for wastage after issue, it was agreed that, as the necessity for this arose out of the brewer's arrangements with the Commissariat Department, the allowance should be a term of the Commissariat contract and not of the Excise rules.

On the question of enforcing sale of opium and *ganja* on different premises, Mr. Blennerhassett anticipated no difficulty in working the arrangements proposed. Mr. Blenkinsop had tried them with success at the recent auctions for the Sihora tahsil.

The meeting was agreed that it would be a great protection to the revenue to have the Government opium made up in small packets that could be easily identified, and that the expense of doing this would be trifling in comparison with the revenue involved. The sale of pills or other preparations that gave the seller the opportunity of mixing smuggled with Government opium should be prohibited. Mr. Chapman suggested that a satisfactory solution of the difficulty might perhaps be found in wrapping up cakes of one or two tolas apiece in tinfoil.

On the question of retail prices, Mr. Blenkinsop stated that contractors had admitted charging Rs. 42 and even Rs. 48 a seer, while a calculation based on the prices at which pills of opium are sold shows that they must sometimes have charged as much as Rs. 60. This is certainly more than the consumers can afford to pay. Considerable reduction of price is expected, however, from the breaking up of the contracts recently carried out at the suggestion of the Excise Commissioner. It would be best to await the results of this before making any further change.

On the subject of arrangements with Native States, Mr. Fox-Strangways pointed out that the patch of Panna territory in Damoh was not the only portion that has caused trouble to the Excise administration. Exact information as to the others not being available, he suggested that the Deputy Commissioners should be referred to for a statement of all such areas included within their districts and for their opinion as to whether it would be necessary to move for a lease of their Excise arrangements.

Mr. Craddock's note on the question of establishments was read. Mr. Fox-Strangways concurred in his opinion as to the status of the Excise Commissioner, and laid stress on the evils that resulted from constant changes in that office.

For preventive work he thought that three or four Sub-Inspectors, each with a party of peons, and an Inspector of a better class than the Inspectors at present employed, would be necessary. The question of control was discussed at some length. Mr. Blenkinsop was of opinion that the separation of the Excise from the ordinary Land Revenue staff should be complete. This was agreed to as regards the technical part of the establishment. Mr. Fox-Strangways thought that the control of the Deputy Commissioner over the preventive establishment should be maintained. With a view to securing a good class of officers who would keep in touch with the Land Revenue establishment he suggested that the Excise Inspectors should be graded as Tahsildars.

(Sd.) M. W. FOX-STRANGWAYS.

(„) C. G. TODHUNTER.

*Proceedings of a Meeting held at Pachmarhi, on 6th April 1904, to
consider the Excise Committee's preliminary proposals.*

PRESENT :

L. S. CAREY, Esq., I.C.S., Commissioner, Nerbudda Division.
J. A. C. SKINNER, Esq., I.C.S., Deputy Commissioner, Chhindwara.
E. A. de BRETT, Esq., I.C.S., Deputy Commissioner, Hoshangabad.
A. MAYNE, Esq., I.C.S., Deputy Commissioner, Narsinghpur.
H. F. MAYES, Esq., I.C.S., Deputy Commissioner, Nimar.
L. E. P. GASKIN, Esq., I.C.S., Deputy Commissioner, Betul, and
Messrs. C. G. TODHUNTER and R. W. G. MARSHALL of the Excise
Committee.

The general outlines of the scheme were accepted, but Mr. Carey advised caution in its introduction in view of the many failures of the past. He considered that it should be introduced only in the open country first.

The question of allowing supply by distillers using their own premises whether within or without the Province instead of building Government distilleries was discussed. Mr. Carey saw no objection to this on the ground of the restriction of the *mahua* market. Mr. Skinner was opposed to any change in the taste of the liquor supplied as introducing a new temptation to the people. Mr. Mayne accepted the proposal, but thought it would be advisable to exhibit samples of the liquor proposed to be supplied before the auctions.

Mr. Mayne objected to sale at fixed strength on the ground that it gave the inspecting officers an opportunity for harassing the shop-keepers. The members of the Excise Committee considered the provision an essential part of the scheme in order to give Government some control over prices and consumption, to assist in the detection of illicit distillation, to prevent a distaste being created for the liquor supplied by undue watering, and to ensure that the consumer got what he paid for. They were prepared to provide restrictions on the enforcement of the rule or to allow it not to be enforced at all unless the Deputy Commissioner so ordered, but not to forego it altogether. It was agreed, after discussion, that the rule should stand as part of the scheme, but that the difficulties pointed out by Mr. Mayne formed a further argument in favour of gradual introduction.

On the question of out-stills, Messrs. Gaskin and Mayne stated that the rule that limits the size of the *deg* is enforced in Betul and Narsinghpur, but has no practical effect in checking drunkenness.

The question of deposits at auctions was discussed at some length. The arrangements proposed are already in force in a modified form in this division. Mr. Gaskin objected to cash deposits being enforced as a universal rule. Mr. Marshall thought it necessary, as the contracts under the new system would be smaller, and instanced several cases of default in the past. The Commissioner thought they were probably due to the pressure of work following the famine, and suggested that security should be allowed as an alternative to cash deposits, but that Deputy Commissioners should be clearly informed that cash deposits were preferable.

The difficulties of working under the present Act were discussed. The meeting did not agree with the officers of the Jubbulpore Division in their interpretation of the law relating to out-stills. The Commissioner pointed out that, under the notification quoted on page 36 of the Manual, an out-still is a distillery under Section 5 of the Act. Transport within the limits of private possession from one out-still circle to another is therefore permitted, but transport of quantities exceeding those limits, even under a pass, is prohibited by a clause in the license. Mr. Mayne pointed out that, under such a system as that proposed for the Central Provinces or that now working in the Punjab, there is nothing to prevent import from another Province. Mr. Marshall stated that a similar difficulty existed in the case of *ganja*.

On the subject of vend areas, Mr. Skinner thought that the present out-still circles would in many instances form suitable units, a central shop being substituted for the out-still. Mr. Gaskin thought that separate sale might be introduced at once into a large part of the present sadar distillery areas.

As regards the local application of the proposals, the restriction of the out-still area was accepted with some modification. Mr. de Brett accepted the proposed extension of the system to the whole of the Hoshangabad district and confirmed the statement of the Berar officers as to persons from Melghat coming to drink at out-stills on the Hoshangabad side of the Tapti. Mr. Mayne accepted the extension of the new system to the whole of the Narsinghpur district. He was doubtful of the advisability of its extension to the northern parts of Seoni, but was not prepared to oppose the local officers in the matter. Mr. Mayes accepted the proposals for Nimar, but was doubtful if it was necessary to retain the Khanapur Beria tracts under out-stills. Mr. Skinner proposed to retain out-stills in the *jagirs* of Chhindwara, and thought it would be well to retain portions of the Sausar and Chhindwara tahsils also under this system, unless it was thought inadvisable, on account of the danger of smuggling, to split up these areas. Mr. Gaskin accepted the extension of the new scheme to the whole of the Betul district, but pointed out that transport of a considerable stock of duty-paid liquor before

the rains would be essential to its success. The Commissioner advised caution in Betul and Chhindwara, and thought the scheme should be tried in the remainder of the division first.

As regards the selection of a site for a central distillery, Mr. Carey thought that Sohagpur should be investigated. Mr. Mayne pointed out that in this case there was no objection to Narsinghpur being attached to this central distillery, but that, if the distillery is to be at Hoshangabad, it would be better for Narsinghpur to be supplied from Jubbulpore.

The rate of duty of Rs. 1-14-0 was accepted for the division generally. Mr. Skinner saw no objection to the inclusion of the open portion of the Sausar tahsil, within limits to be exactly defined, under the higher rate.

Mr. Skinner thought that no fresh bonded warehouses would be needed at Pandhurna or Mohgaon, but that the shops in each might be sold singly and allowed to supply themselves from the tahsil head-quarters. Mr. de Brett accepted a similar arrangement for Itarsi.

Mr. Gaskin thought a reduction of the number of shops in Betul by at least 25 per cent was necessary. In Chhindwara Mr. Skinner thought that a larger number than usual was required to provide for the *jagirs* and on account of the difficulty of communications. Mr. Mayne thought that there were sufficient to satisfy the requirements of the people in Narsinghpur.

Mr. de Brett undertook to see if it was possible to lease the Excise arrangements of the Makrai State.

At this stage the meeting was adjourned to the 7th instant.

(Sd.) L. S. CAREY,
(„) C. G. TODHUNTER.

*Proceedings of a Meeting held at Pachmarhi, on 7th April 1904, to consider the
Excise Committee's preliminary proposals.*

PRESENT :

L. S. CAREY, Esq., I.C.S., Commissioner, Nerbudda Division.
J. A. C. SKINNER, Esq., I.C.S., Deputy Commissioner, Chhindwara.
E. A. de BRETT, Esq., I.C.S., Deputy Commissioner, Hoshangabad.
A. MAYNE, Esq., I.C.S., Deputy Commissioner, Narsinghpur.
H. F. MAYES, Esq., I.C.S., Deputy Commissioner, Nimar.
L. E. P. GASKIN, Esq., I.C.S., Deputy Commissioner, Betul, and
Messrs. C. G. TODHUNTER and R. W. G. MARSHALL of the Excise
Committee.

At the adjourned meeting the question of the local application of the proposals was re-opened. Mr. Mayes thought that the whole of the Nimar district, except the Harsud tahsil, should come under the higher rate of duty. This was accepted.

Mr. Gaskin pointed out that another warehouse was likely to be required in the Betul tahsil, which has its head-quarters in one corner and is divided by a river. Mr. Mayne thought that a similar arrangement would be necessary in the Lakhnadon tahsil of Seoni.

Messrs. Mayne and Gaskin saw no means of closing the Narsinghpur and Betul contracts before 1906, except on grant of compensation either in money or in the shape of other contracts.

The question whether bidding at auctions should be in terms of monthly or yearly rentals was discussed. It was agreed that it would simplify the accounts to take the bids in terms of monthly rentals, but that, owing to the ignorance of the bidders, it would only be possible to introduce the change gradually. Messrs. Mayes and Mayne suggested that for the present it would be sufficient to require the bids to be given in multiples of twelve. This was accepted.

On Mr. Gaskin's motion, the question of the best date for the commencement of contracts was discussed. Mr. Gaskin pointed out that it might be fatal to the scheme to introduce arrangements which would require contractors, not only to make a deposit of license fees, but to lay in stocks against the rains at a time of year when they would have little money in hand. He suggested the 1st October as an alternative in order to give them the advantage of the most paying part of the year before the necessity for laying in a stock arises. Mr. Mayne suggested that 1st January would be a still better date, as by this time the *kharif* crop would be sufficiently declared, and stated that in this case the sales could conveniently be held in October before the commencement of the cold weather touring season. Mr. Marshall doubted if the Financial Department would accept the change of date. Subject to this proviso the proposal was accepted.

The Commissioner pointed out that the extreme difficulty of transport in the rains was a further argument for caution in the introduction of the new scheme.

On the subject of illicit distillation, the Deputy Commissioners had very little information. Complaints by contractors were uncommon, but many of them were probably in league

with the illicit distillers. The Excise Inspectors were not of much use as detectives and the police very variable. Mr. Marshall thought that the large proportion of illicit distillation cases in Mandla in spite of the number of shops and the cheapness of liquor there was probably due to the activity of the District Superintendent of Police. The meeting was opposed to any legislation on the lines of the Mhowra Flowers Act on the ground that *mahua* is an important staple food of the poorer people.

Mr. Marshall raised the questions of holidays and closing time. The proposals on the first point were approved with the modification that, in the case of long holidays, days and hours for working would have to be fixed by Deputy Commissioners. The Commissioner was opposed to any extension of the present closing hours for shops.

Foreign liquors.—The resolutions of the Berar and Jubbulpore meetings on the subject of the sale by auction of licenses for sale of foreign liquors for consumption on the premises were read and discussed. The Commissioner was of opinion that these shops did much harm to the better class natives and was not inclined to grant them any privileges. The meeting generally was of the same opinion. It was agreed, after discussion, that there was no objection to the reservation of power to grant a 'first class' license in special cases in the hands of the Deputy Commissioner, but that auctions should be the general rule.

The Commissioner suggested that the same principle should be applied to railway refreshment room and restaurant licenses, that is to say, that in the ordinary course the holders of these licenses should be restricted to sale of liquor to *bonâ-fide* travellers or to persons taking meals on the premises, respectively, but that in exceptional cases, where it is undesirable to create a public house, but at the same time difficult to prohibit ordinary sale for consumption on the premises, Deputy Commissioners might be allowed to give a 'first class' license at a fee to be fixed at their discretion. Mr. de Brett pointed out that it is not uncommon for the Piparia dâk bungalow khansama to sell to soldiers. It was agreed that holders of dâk bungalow licenses should be restricted to sale to persons staying in the dâk bungalows.

The issue of bar licenses to hotels on payment of a monthly fee and occasional licenses for entertainments on payment of a daily one was approved.

The Commissioner saw no objection to the adoption of a definition of "foreign" liquor as all liquor that has paid the tariff rate of duty.

Tari.—Mr. Mayes explained the decrease in the number of *tari* shops and revenue in the Nimar district as being probably due to the contracts having been handed over to the country spirit contractors. He added that an attempt to introduce the sugar industry in to the district had resulted in the destruction of many trees through overtapping.

Opium.—The fall in opium consumption and revenue in the division was discussed. The Commissioner pointed out that the Hoshangabad and Betul districts which showed the greatest falling off had suffered most in the famine and that the decreases generally accompanied years of bad harvest. Mr. de Brett stated that there was undoubtedly much smuggling into Hoshangabad and that increased attention given to it recently had resulted in the doubling of the sales at the Hoshangabad shop.

Mr. Mayes was of opinion that, as a general rule, it would not be possible to enforce the sale of opium and *ganja* on different premises.

The question of adopting some improved method of packing and sealing Government opium so as to ensure detection of the smuggled article was discussed. Mr. de Brett said that an experiment in this direction in Hoshangabad had been attended with some success, but that the prohibition of the sale of opium in pills or in any way except direct off the cake was a necessary preliminary to any such action. It was further generally agreed that, to make any such scheme complete, it would be necessary to specially pack, not large cakes, but small quantities suitable to the purchasing power of the ordinary consumer. Mr. Marshall thought that this was not possible owing to the smallness of the quantity generally taken. The Commissioner suggested that experiments should be made in the matter and that the authorities of the Opium Factory should be consulted.

On the question of price, the meeting was of opinion that the present price was not too high for the ordinary consumer and that there was no need to lower it on the borders of Native States. Mr. de Brett did not think it advisable to attempt to check the supply of opium to children as he thought it saved much illness by assisting the digestion of the very bad food they were ordinarily given.

On the question of opium smuggling generally, Mr. Mayes objected to the methods employed by the special opium police. The Commissioner concurred and stated, that the two police forces working side by side had been a cause of much friction. He considered that, if a force apart from the police is necessary, it should be under the control of the Excise Department. The meeting concurred. Mr. Mayne thought that the immense loss and trouble caused by smuggling from Native States should be specially brought to the notice of the Government of India with a view to the arrangements in Native States being put on a better footing. The feeling of the meeting was generally opposed to requiring a guaranteed minimum sale of Government opium fixed with reference to the known requirements of the population by contractors on the border.

The agreement come to with the officers of the Central India Agency at Indore was approved.

Ganja —Mr. Mayes exhibited some sample boxes, each containing a seer of picked heads, which had been packed at the Committee's suggestion, with a view to seeing whether supply through treasuries could be undertaken, and stated that the percentage of dust found in a box

similarly packed and sent to him had been so small that it might be left out of account. The Commissioner saw great advantages in this system of packing as avoiding damage or theft in transit and the trouble and danger to the revenue involved in the processes of cleaning, and recommended the adoption of the system if it could be shown that the *ganja* did not deteriorate when kept in this way. The meeting concurred.

On the further question of the purchase of the crop by Government, Mr. Marshall pointed out that a shortage of supply was expected in the current year, and Mr. Mayes stated that prices had been raised much above the normal in consequence through means of a ring of cultivators. The meeting was in favour of a system of purchase of the crop on behalf of Government at a fixed price, the output to be limited by limitation of the number of licenses for cultivation granted. These might also be restricted by degrees to compact areas. Mr. Mayes pointed out, however, that no such restriction would be feasible for some time to come owing to the scattered nature of the cultivation, and that it would be necessary to proceed very cautiously in view of the fact that there is ordinarily a great discrepancy between the area licensed for cultivation and the area actually cultivated.

Mr. de Brett accepted on behalf of the Makrai State the agreement arrived at in respect of the arrangements for supply of opium and *ganja* to the Chhattisgarh Feudatories, namely, that payment should be made at the full Government rate in the first instance and the difference between that and the privileged price for the State remitted by drawback at the close of the year, and that the receipt of all *ganja* issued to the State should be certified by the State authorities.

Establishment.—Mr. Craddock's note and the proceedings of the Jubbulpore meeting on the question of establishment were read. Mr. Craddock's note was accepted in so far as it concerns the status of the Excise Commissioner and the necessity for avoiding changes in that office.

It was agreed that a competent staff of properly paid Sub-Inspectors, supervised by Inspectors of a better class than those at present employed, was necessary. The Commissioner thought that this staff should continue to work under Deputy Commissioners. Mr. Mayne was of opinion that they should be under the sole control of the Commissioner of Excise. Mr. Skinner stated that in the latter event a European superior inspecting staff would be necessary. The meeting was unable to arrive at any definite decision as to which course was preferable.

(Sd.) L. S. CAREY.

(,,) C. G. TODHUNTER.

Part II.—Special Meetings.

Proceedings of a Meeting held at Indore on the 21st February 1904.

PRESENT :

The Hon. Major H. DALY, C.S.I., C.I.E., Officiating Agent to the Governor-General.

O. V. BOSANQUET, Esq., I.C.S., Resident at Indore.

C. G. TODHUNTER, Esq., I.C.S., President, Excise Committee, C. P. and Berar.

Major L. IMPEY, I.A., Political Agent, Bhopal.

W. E. JARDINE, Esq., I.C.S., First Assistant to the Agent to the Governor-General.

[Confidential.]

Proceedings of a Meeting held at Bilaspur on Saturday, March 12th, to discuss mutual frontier arrangements with the Gangpur State.

PRESENT :

Messrs. TODHUNTER and JAGESHWAR BAPUJI BODHANKAR of the Central Provinces and Berar Excise Committee.

Mr. CRAVEN, Dewan of the Gangpur State.

Messrs. NARAYAN BHARGO GADGIL and RAGHUNATH GAJANAND, B.A., Extra Assistant Commissioners, Bilaspur.

The President, Excise Committee, read a short note explaining that the Central Provinces *ganja* revenue was much affected by smuggling from Native States in Bengal, the consumption of the Sambalpur and Bilaspur districts having fallen from 3,820 and 6,753 seers, respectively, in 1895-96 to 940 and 1,232, respectively, in 1902-03. The Tributary Mahals of Orissa having adopted the Kuch Behar system, it was presumed that the Chota Nagpur States furnished the bulk of the illicit imports and Gangpur had been selected as the State furnishing the greatest amount on the information of the Deputy Commissioner, Sambalpur that large quantities were brought from the Kanika station, where *ganja* was purchased at

1 anna a tola. Reference was also made to the Bengal Excise Report for 1902-03, which showed that none of the Chota Nagpur States had adopted the Kuch Behar system.

Mr. Craven stated that the report was in error, that cultivation had been prohibited in Gangpur, and that *ganja* was purchased at the Government treasury and sold at Rs.13-8-0 a seer to retail vendors. The retail price was thus 5 or 6 annas a tola. The illicit import could not therefore be from Gangpur unless there was illicit cultivation, which Mr. Craven promised to enquire into. He pointed out, however, that cultivation was still continued subject to a small tax per plant in Udaipur and Sirguja, and that a good deal of smuggling took place from these States, particularly into Raigarh, where smugglers have been several times arrested.

An examination of some Bilaspur case records showed no cases of illicit import from Gangpur, but several from Sirguja.

The question of the fall in the opium revenue of the Bilaspur and Sambalpur districts being next touched upon, Mr. Craven said that, while the Gangpur opium system was similar to that in the Central Provinces, the supply price was Rs.30 as against Rs.22, so that no smuggling of this article is possible.

Approached on the question of a mutual shopless zone, he stated that he was not only ready to enforce this but was actually doing so—a fact of which the records before the Committee contain no trace. Mr. Craven has sent in a full account of the Excise systems of the Gangpur State, which will doubtless be forwarded by the Commissioner of Ranchi.

(Sd.) C. G. TODHUNTER.

Proceedings of a Meeting held at Raipur, on March 17th 1904, to discuss Excise arrangements as between the Khalsa and the Chhattisgarh Feudatory States.

PRESENT:

F. A. T. PHILLIPS, Esq., I.C.S., Commissioner, Chhattisgarh Division.
A. S. WOMACK, Esq., I. C. S., Political Agent, Chhattisgarh Feudatory States, and
Messrs. TODHUNTER, MARSHALL and JAGESHWAR BAPUJI BODHANKAR
of the Excise Committee.

As regards liquors, the principle of the mutual shopless zone is fully accepted by all the States, as it is in the case of other intoxicants. Mr. Womack believes that the arrangement under which outlying portions of Sakti and Sarangarh are supplied from the Khalsa on payment of compensation is still in force.

As regards opium and *ganja*, Mr. Womack pointed out that the arrangements had been fully reviewed since 1887, viz., in 1900, and it was then thought that no change was desirable. He saw no objection to the supply of either drug being made at full Government rates subject to grant of a drawback to the Chiefs at the close of the year. No change in the supply prices is desirable except in the case of Bastar, where the reason which operated in favour of a cheap rate, viz., smuggling from Madras, where opium was sold at from Rs.4 to Rs.6 a seer, had ceased to exist. The enforcement of the proposal of 1888, viz., to require States which show an obviously inadequate consumption of opium or *ganju* to take a minimum supply, is not desirable at present.

As regards *ganja* smuggling, Mr. Womack said that the prohibition of possession of foreign *ganja* by the Sonpur and Kalahandi States was inoperative, but that there was no difficulty in distinguishing it from the Khandwa drug. He has recently travelled through the Naorangpur portion of the Jeypore zamindari between Bastar and Nawargarh, and may be cited as authority for the fact that *ganja* cultivation is rife in every village of that part of Jeypore.

(Sd.) F. A. T. PHILLIPS.

(„) C. G. TODHUNTER.

Proceedings of a Meeting held at Nagpur, on March 20th, 1904, to discuss the Excise arrangements of the Chanda Zamindaris.

PRESENT :

J. E. MARTEN, Esq., I. C. S., Deputy Commissioner, Chanda, and Messrs.
TODHUNTER and MARSHALL of the Excise Committee.

As regards Excise arrangements generally in the zamindaris, Mr. Marten explained that the long contemplated resumption of the Excise management had been finally carried out, and that a new *halkabandi*, which reduces the number of shops and stills by 35 per cent, will come into effect from the 1st April next. A second Inspector has been appointed from 1st April 1903.

On the subject of *tari* management Mr. Marten read a short note. There are three different arrangements in force. In 27 villages of the Sironcha tahsil, the Maria Gonds, who are the only consumers, tap free of taxation and interference, but are not allowed to sell. In ten other villages with a more mixed population, under an arrangement arrived at Settlement, Government leases a contract which includes rights over trees, and credits the zamindars with two-thirds (one-half of the latter amount, however, subsequently comes to Government, as Miscellaneous Land Revenue). In the Ahiri zamindari contracts are leased, but the contractors are unable to secure any trees except in six villages on the bank of the river, where there is only a small Gond population, the trees elsewhere being all let out to Maria Gonds, who pay a royalty to the zamindari, but nothing to Government. The tapping by the Maria Gonds in both instances is an offence against the Act.

Agreed, at the suggestion of Mr. Marten, that the small revenue likely to accrue from taxation of this tapping would not be worth the administrative inconvenience involved. To legalize free tapping by Maria Gonds an exemption under Section 66 of Act XII of 1896 or corresponding section of any new law that may be enacted is necessary. This should cover all the zamindaris of the Chanda district and the 27 villages abovementioned of the Sironcha tahsil. In the remaining ten villages the existing arrangements may continue, but could be revised if it is thought desirable as the *wajib-ul-arz* is under revision.

As regards arrangements with Hyderabad, Mr. Marten thought that a mutual shopless zone was necessary from the Berar border to the junction of the Wardha and the Wainganga. The smuggling of opium is chiefly from Sironcha into Hyderabad.

As regards *ganja*, road communication with Sironcha is likely to be soon opened up, and it is desirable that the present arrangement under which free import is allowed should be terminated. A small consignment may be sent annually to the Sironcha treasury for issue on payment of duty. There is cultivation on the Nizam's border, and the arrangements under which it is allowed need to be enquired into.

(Sd.) J. E. MARTEN.

(„) C. G. TODHUNTER.

Proceedings of a Meeting held at Pachmarhi, with C. R. Cleveland, Esq., I.C.S., Inspector-General of Police, C. P., on 5th July 1904, on the subject of opium smuggling.

The meeting was held after the preparation of the Committee's proposals, and the conclusions arrived at will be found embodied in the draft. No separate proceedings were recorded.

Part III.—Written comments received on the Committee's proposals.

Note on the Excise Committee's proposals by R. H. Craddock, Esq., I.C.S., C.S.I., Commissioner, Nagpur Division, dated 22nd March 1904.

After having heard the discussion on the Committee's proposals, and perused the proceedings of subsequent meetings, I have formed the conclusion that the Committee's scheme of central contract distilleries, which theoretically is sound and most desirable, is also perfectly feasible. The test appears to me to be roughly this. If, duty being excluded from consideration for the moment, liquor distilled at central distilleries can be delivered at the tahsil bonded warehouse at the same price as it can be produced at the present local sadar distilleries or at a price equivalent thereto, allowing for its superior quality, then the Committee's system can be introduced and extended to every area which is included or might under the existing system be considered fit for inclusion in a sadar distillery circle.

2. So far as this division is concerned, the only areas which cannot at once be brought under the system are the Chanda zamindaris, the Sironcha tahsil, the Baihar uplands, and the south-eastern portion of the Bhandara district. In all these areas, however, it is expected that communications will be greatly improved during the next few years, and it should be possible to reduce the area served by out-stills to insignificance.

3. The calculations now made as to cost of carriage and the proposals regarding duty appear to me, subject to one or two suggestions made later on, to be correct and sound; and the scheme provides a livelihood for all our small Kallars. The class excluded are those Kallars who, while unequal to any contract involving the outlay of substantial capital, are a cut above a small vend business. This class is not numerous, it engages in many other

forms of business, money-lending and agricultural, and some of its members may still find congenial employment and profit in taking up the vend of small industrial and trading towns.

4. We shall certainly raise the price of liquor in our outlying districts, but only to a desirable extent. The poorest labourers are much better off than they were before the famine. The supply of labourers has decreased owing to death and emigration during the bad years, while employment has increased to the most remarkable extent. There has been railway construction, and more is likely in the near future; the cotton areas and outturns have increased, ginning factories have sprung up like mushrooms, and there are manganese operations in three districts. The Public Works Department budget for the Province has risen from fifteen lakhs to over thirty lakhs or from about six lakhs spent on new works to eighteen lakhs. In addition an irrigation programme has been started which will give employment in our remotest tracts, and at the same time contribute both to the yield and to the stability of agriculture. Improvement of communications and the large increase in buildings and railways has caused a commercial demand for timber and the means of supplying it, and the earnings of cart owners have risen largely. The famine drove the rural weavers to the towns, and the plague has thinned their numbers, while the demand for the produce of their looms has increased. The time is ripe for the changes which it is proposed to introduce.

5. These prosperous conditions are less pronounced in the case of cultivators outside the cotton districts, but they apply universally to labourers, and the rice and wheat cultivators are recovering. Unless any failure of rains sets them back they ought to be completely recovered in three years' time, and, saving only this contingency, we should certainly continue to progress steadily if not rapidly.

6. In these circumstances it is extremely difficult to draw a satisfactory hard and fast line between agricultural and industrial districts. The conditions unfortunately do not respect our tahsil or district boundaries, but for the present we must leave the discrimination to license fees, and apply our higher rate of duty to Nagpur, Wardha, and the Sausar tahsil of Chhindwara, unless the Committee would see their way to differentiating duty levied at a bonded warehouse with reference to the locality to which liquor was being consigned, or at least differentiating between different bonded warehouses in a district. For instance, the duty levied at the Sakoli warehouse might well be less than that levied at Tirora, which is one of the most populous tahsils in the Province. You might, for example, differentiate the duty to cover the cost of road carriage, and a little over, to those bonded warehouses which can only be reached by a long road journey. Such a differentiation would meet possible objections about liquor being too dear in the poorer tracts, and would also smooth over difficulties due to the juxtaposition of tracts paying Rs.3-2-0 and Re. 1-14-0, respectively. For instance, would it be feasible to fix the duty at Nagpur at Rs.3-2-0, at the outlying tahsils of the district at Rs.3, at the Bhandara and Tirora bonded warehouses at Rs.2-8-0, at Balaghat at Rs.2, and so on? I do not suggest these rates absolutely, but as mere illustrations. But, subject to the Committee's criticism, I suggest the adoption of a sliding scale of duty to cover differences in tracts, both in respect of distance and wealth, in place of a hard and fast definition into industrial and agricultural, whereby discrimination depends, not on natural features and circumstances, but on boundaries which are purely artificial.

7. Although, as stated in the proceedings of the 21st, Gondia might be a good site for a central contract distillery, I am inclined to think that Nagpur would be the best place. The carriage of *mahua* would no doubt be an item, but it was then remarked that distant carriage is not a serious obstacle at Akola. The Gondia-Chanda Railway may not be made for some years, and is not likely to be open in any case until long after it has become necessary to construct a contract distillery and set up plant. If that railway is made, Nagpur will still be as advantageous for Chanda, since the project includes a branch *via* Umrer to Nagbir near Brahmapuri. If that railway is not made, then Nagpur will be far more advantageous for Chanda than Gondia, and Chanda is the district to be considered as it has the longest road journeys of any district. The location at Gondia would benefit only Balaghat and the eastern half of Bhandara; the location at Nagpur would benefit Nagpur, Wardha, the western half of Bhandara and Chanda and the Sausar tahsil of Chhindwara. Nagpur can get coal at 90 miles from Chhindwara and 135 miles at Ballarpur, whereas Gondia would be distant from the nearest coal 150 miles if the Gondia-Chanda Railway is made, and 160 miles if it is not. Nagpur would also be most convenient for supervision.

8. With a reformed system of excise which is calculated to improve the revenue, the case is stronger than ever for a larger and better paid supervising staff. To begin with the top, the Commissioner of Excise should be a somewhat senior Deputy Commissioner, with an allowance added to his grade pay as Deputy Commissioner. He should hold the post for a number of years and not be moved from it just as he has begun to master the details of his work. He should have an expert assistant to help him both in technical work and in inspection, which will have to cover twenty-two districts. Excise Inspectors require to be increased in number, and given better pay. And it is absolutely essential that the official in charge of each bonded warehouse should be of much superior status and pay to the individuals who now are in charge of warehouses and sadar distilleries. The following statement compares our revenue and expenditure under the head Excise with that of other Provinces :—

Province.	Excise* revenue.	Excise* expenditure.	Percentage of expenditure on revenue.
Burmah	54.24	2.29	4.3
Bengal	150.25	6.86	4.5
United Provinces	74.10	0.75	1.0
Punjab	26.08	0.63	2.4
Madras	143.11	9.97	6.9
Bombay	105.37	3.53	3.3
Central Provinces... ..	19.51	0.46	2.4
Assam	28.33	0.11	0.4
Berar	12.05	0.24	2.0
India	611.50	24.92	4.1

The joint revenue of the Central Provinces and Berar in the year 1894-95 was forty-one lakhs of rupees and the joint expenditure in that year rupees seventy-one thousand, or a percentage of charges on receipts of 1.7 per cent only. These charges do not include in any Province the cost of the Excise Commissioner and his office, which is debited to the head General Administration. The charge under this head is, however, not very important. If the revenue of the Central Provinces and Berar amounts, as it will do, in the near future to fifty lakhs, and the charges are estimated at three and a half per cent on this figure, we should be able to afford an expenditure on establishment and collection of 1.75 lakhs, or exactly two and a half times the present expenditure, without being liable to be called extravagant.

9. As regards *tari*, and the propriety of a tree-tax, I do not feel competent to give an opinion. The experiment might, as suggested, be tried first in Berar, where it is understood that the State is the owner of the trees. In the meantime we might in the Central Provinces dissociate all *tari* contracts from country spirit licenses. If the tree-tax system is found to work well in Berar, the arrangements to be made with tree proprietors might come under consideration. If a tax of four annas a tree were levied, of which the owner received two annas, his receipts being left out of account in the assessment of land revenue, a feasible system might be evolved. The following preliminary information can be collected :—

The number of trees.

The number annually tapped.

The average receipts obtained by malguzars from this source.

We should then be able to see what terms would be acceptable to the malguzars and profitable to ourselves, and whether any net advantage was likely to accrue from the tax.

10. The proposal made at the proceedings of the 22nd March to auction the right to sell foreign liquors is one which is open to some doubt. I am not aware whether such a system is in force in any part of India. It would evoke much opposition from old established license holders and would put local firms at a disadvantage with wine merchants in Provinces where no such system exists. It would hence tend to encourage fraud and the supply of cheap and inferior liquor.

11. On the other hand, the placing of country rum on a par with other country liquor is a measure which has a great deal to recommend it.

(Sd.) R. H. CRADDOCK.

Note on the Excise Committee's proposals by Mr. C. E. Low, I. C. S., Deputy Commissioner, Balaghat, dated 16th March 1904.

I feel scarcely in a position to venture any constructive remarks on the Committee's note. Owing to my total lack of experience of Excise matters I can only venture a few criticisms of a very general nature, and will then proceed to make a few remarks about the circumstances of my own district.

* In lakhs of rupees. The figures are those of the year 1901-02.

2. Speaking generally, it seems to me that the Committee have hardly allowed enough for the peculiar circumstances of the Central Provinces. The Province is at present very undeveloped. The average income is exceedingly low. Communications are backward. Enterprise is limited. Isolated parts of other Provinces, it is true, exhibit similar phenomena, though even these contain tracts which are far ahead of anything we have to show.

3. But no deductions have been drawn from any such isolated parts of other Provinces. The Committee admit that many jungly tracts must be left out of consideration. So far, so good. But take the average tract, where the rack-rent for good land varies round Rs. 2 to Rs. 3. Here even, conditions are widely different from anything pertaining in Madras, Bombay or elsewhere. I cannot find that the Committee have paid any attention to statistical considerations of this sort.

4. I proceed to a few more detailed criticisms on the same lines.

(a) Money is dear and scarce; and, Kallars will be loath to spend large sums on plant on which they must expect only a low interest. In the above connection I observe no attempt made to work out the cost price of liquor as distilled by improved methods, allowing fair interest on capital.

(b) Owing to lack of enterprise, it is difficult to induce other persons than Kallars to take up contracts. If the local Kallar fails, we are stranded. Each small tract has one or two local families of Kallars, one or other of whom take small local contracts every year. If we ruin these, no one else takes their place for a long time, and competition is destroyed. Similarly there are only a limited amount of big contractors, though Parsis are coming in, and men from other Provinces may be hoped for. In other Provinces it would appear that men of various castes are ready to take up the liquor trade. New methods are therefore harder to adopt here, and more likely to fail.

(c) Lack of stability of economic conditions. By far the greater bulk of the Province is so newly settled, that it possesses little accumulated resources. Therefore bad years cause violent fluctuations to which other Provinces are not so liable. Much of our lack of success, which is undoubted, may, I think, have been due to the above reasons, *viz.*, that the Province is poor relatively, has little accumulated resources, and not much enterprise. It would be a troublesome task no doubt to examine them on internal statistical considerations; but something of the kind is needed. All that has been proved is that (1) our subordinate staff is inferior, and our management inefficient, (2) and that the income is liable to sudden and violent fluctuations, the same being the case with the price of liquor. Our inefficient administration of Excise is simply part of the system the Province has hitherto been managed on. As the Province is a backward one and the yield to Government per square mile is low, so we cannot afford to spend so much per square mile as other Provinces. Our low relative income and the violent fluctuations thereof are due partly to the poverty of the Province and partly to the fact that, owing to its inferior administrative status, it has been a happy hunting ground of faddists, Parliamentary and otherwise.

5. I pass over for the present certain other remarks of the Committee, and come now to their conclusion, which seems to me the cardinal point of the scheme, *viz.*, that it will enable them to sell liquor as low as three annas a bottle if required. I trust the Committee will excuse me if I say that I do not think the calculations on page 95 of the note are sufficient to prove this point, in my humble opinion. As the success of the scheme entirely depends on the correctness of this assumption, I greatly regret that local conditions have not been more brought out, *e.g.*, typical areas of the Province might have been selected, cost of transport, sale, staff, wastage, etc., have been estimated. I admit the difficulty of such a calculation, and its frequently inconclusive nature. But it is on such materials that business men base their anticipations: and the matter in hand is pre-eminently a business one. It is an ungracious task to criticise so interesting a note, and one the general principles of which so thoroughly compel my approval. But I must say this much. When the Bonded Warehouse system was introduced, the arguments which paved the way to its introduction were simply the general ones as to the various principles which are supposed to govern Excise administration, gleaned mostly from the history of other Provinces. These are no doubt very useful in their way. But with them a detailed consideration of probable profit and loss based on any available facts is needed. In the present case, it seems to me necessary carefully to consider the following facts:—

(a) the saving which our proposed improved manufacture will effect;

(b) what losses will have to be set off against this, *e.g.* (1) what will be the cost of transport; (2) cost of maintenance of shops, stores, extra establishment, higher paid men, interest on plant, buildings, etc; (3) are these, as affecting the private individual, likely to raise the cost of liquor and affect sales?

6. I see no detailed consideration of these points in the Committee's report. The Bonded Warehouse system failed in practice simply because it was not a business-like system: had it been properly examined on commercial lines, it would not, I think, have been attempted. I find it difficult therefore to criticise a system based on other than those of probable profit and loss, estimated from the best available local statistics. As to the principles laid down by the Committee, they command my entire sympathy: and, if it be admitted that some change is necessary and if it is open to us to make an experiment, for the success of which,

there are good hopes, even though it be a somewhat risky one, I strongly recommend the adoption of the system, speaking for my own district at any rate. Nothing could be worse than the present state of affairs. Crime in this district is far from heavy ; but the very high proportion of it due to liquor is a most unpleasant feature. A rape case, a manslaughter case, a murder case, several heavy assault cases, and accidental deaths in large numbers have, during the short time I have been in the district, occurred from drink. Drunken persons are common sights in the public street. It is matter of general complaint among Europeans that their servants largely take to drink in the district, owing to the cheapness of liquor. In Baihar there are 49 liquor stills, each with 3 or 4 shops, to this small population. The liquor revenue exceeds the land revenue. The consumption of liquor in jungly circles is enormous. I append a statement drawn up by my Excise Inspector* which will show the state of things. Matters are not very much better in the out-still part of the plain. Some system is no doubt wanted which will double at least the price of liquor, and, if at the same time, a less deleterious spirit can be provided, so much the better. Were it proved to my satisfaction that liquor could be supplied under the proposed system at Re. 0-3-0 a bottle, I would support the gradual abolition of the out-still system even in Baihar. As it is, I have already proposed the entire abolition of the system below the ghats : and in any case I shall propose to halve the number of circles, shops and stills in Baihar, and in the process I shall make some use of local opinion : local opinion, when really genuine, should be deferred to. I may say that I have already closed one shop in deference to a general ballot of the village taken by the Tahsildar. I may perhaps be permitted to add that I never, prior to my taking charge of this district, considered it necessary to restrict drinking facilities, nor have I now any general views on the subject. I am only strongly convinced that it is necessary in this district.

Letter No. 130, dated the 25th March 1904, from C. G. Todhunter, Esq., I.C.S., President, Excise Committee, C. P. and Berar, to the Deputy Commissioner, Balaghat.

I have the honour to acknowledge receipt of your note on the Excise Committee's proposals received through the Commissioner, Nagpur Division, and to say that, at the meeting held on the 22nd instant, the rate of duty, on which, as you remark, the whole success of the Committee's scheme depends, has been re-considered and a much reduced rate recommended for adoption at the commencement. This, I believe, will meet your comments on the scheme. However, the Committee have prepared a full note in reply, which I enclose herewith. I shall be glad if you will let me know, after consideration of this note, whether you are now able to fully accept the scheme as modified.

Note.—The heads of Mr. Low's note may be briefly stated as follows :—

He recognises the abuses of the present system and is prepared to give his full support to the Committee's proposals and even to apply them over a more extended area than the Committee have suggested, provided it can be shown that liquor can be sold under the proposed system at three annas a bottle. He considers that the calculations embodied in the note are not sufficient to establish this, that insufficient allowance has been made for the backward condition of the Central Provinces, for the interest on plant in the contract distilleries it is proposed to set up, for increased charges in the shape of cost of transport, maintenance of shops and warehouses and more costly establishments, as well as for the facts that no one but Kallars will take up the contracts, and that the latter would be unwilling to spend money on plant.

2. As Mr. Low points out, the success of the scheme entirely depends on the correctness of the assumption that, under the rate of duty proposed, it would be possible to sell liquor in backward districts at a rate corresponding to three annas a bottle for 75° u. p., and it is to the correctness or otherwise of the calculations made in this respect that the attention of Deputy Commissioners has been particularly invited at the meetings hitherto held. The selling price is made up of four main items—(1) cost price, (2) cost of carriage, (3) license fees, and (4) vendor's expenses and profits. As regards cost price, the Committee have preferred actual experience to any calculations of their own. Two large areas of adjacent and similar country to the Central Provinces are worked under systems similar to that suggested. They have been supplied for some years past by wholesale vendors at prices of Re 0-4-6 and Re. 0-5-0 a gallon of 60° u. p. These prices include interest on capital cost, amounting in the latter instance to 75,000 rupees.

3. The Committee see no reason to anticipate any difficulty in securing similar contracts for the Central Provinces. They have already been approached by contractors who are anxious to engage. This disposes of the objections that the Kallar will not invest large sums of money in the business. The system proposed is one of capitalist contractors with small Kallars to retail the manufactured liquor. The Kallars will still form the distributing agency, but, instead of being servants or agents of Sadar Distillery contractors, as at present, they will hold small contracts direct from Government.

4. As regards cost of carriage, it is proposed to largely reduce the cost to outlying areas, distributing it over the whole issues and further by issuing at high strengths. An attempt has been made to work out the cost of laying down liquor at the warehouses of the Nagpur

Division on these principles in the calculation sheet attached,* and further, to estimate the cost of carriage of weak liquor 50 miles, which has been taken as the maximum distance of a shop from the warehouse. It will be seen that the rates of Re. 0-1-6 and Re. 0-2-0 allowed in each instance are on these figures three or four times more than is necessary. It is in respect of the incidence of license fees that the Committee's calculation is most open to criticism. The calculation was drawn up for the smallest shop it would pay to keep open which, it was presumed, would pay one rupee a month. This, however, is an exceptional case and gives a proportion of license fees to still-head duty that is considerably below the normal. At the rate of 1 : 2 the license fees should be Re. 1-4-0 per proof gallon with a still-head duty of Rs. 2-8-0, and Rs. 2-3-0 with a still-head duty of Rs. 4-6-0. The rate allowed for vendor's profit has also been criticized on the ground that Rs. 4 a month is not a living wage. On the other hand, it is the rate paid by many renters to the actual vendors of liquor and the calculation in question had in view a small shop which would be open only for a few hours in the week and would be worked in connection with some other trade. The calculation has been thoroughly examined by a Committee of officers sitting at Nagpur on the 22nd instant, not only from the points of view above noted, but from that of typical shops in individual districts. As a result of their discussion it has been decided that it is inadvisable to attempt to raise the duty to the possible limit or even near it to start with and for a commencement to make no change in that in force in the industrial districts.

5. The present rate now amounts to something between Rs. 3-5-9 and Rs. 2-10-10 in Nagpur and something between Rs. 3-5-4 and Rs. 3-2-0 in Berar. It is now proposed to adopt the Rs. 3-2-0 rate universally. As regards backward districts, the rates in force in backward tracts in other Provinces have been considered. The lowest in Bengal and the United Provinces is Rs. 2 and in Madras Rs. 1-14-0. These Provinces all border on the Central Provinces and, in the case of Madras at any rate, the country in which the Rs. 1-14-0 rate is in force is very similar country, and the Committee believe that there would be no difficulty under this rate in selling at a rate corresponding to Rs. 1-5-0 a gallon of 75° u.p., more especially under a system of distribution of cost of carriage. The following are the figures that go to make up the sale price at a shop 50 miles from Balaghat :—

	Rs.	a.	p.
Cost price at Akola contract rate	...	0	5 0
Cost of carriage to warehouse (<i>vide</i> calculation sheet attached) ...	...	0	0 2·5
Cost of carriage to shop (<i>vide</i> calculation sheet) ...	...	0	0 6
Duty at Rs. 1-14-0 per proof gallon ...	...	0	12 0
Shop rents at half the duty ...	...	0	6 0
Profit, etc. ...	...	0	6 0
Total ...	1	13	8·5 per gallon of 60° u. p.
Sale price at Rs. 1-5-0 a gallon of 75° u. p. ...	...	2	1 7 per gallon of 60° u. p.

6. This leaves a margin of Re. 0-3-10·5 to cover unexpected expenses on a calculation which takes the highest rate both of cost of manufacture, carriage, shop-rents and profits. If the Deputy Commissioner is still unable to accept this rate, the Committee will be glad to hear from him again.

Letter No. 1462, dated 8th April 1904, from C. E. Low, Esq., I.C.S., Deputy Commissioner, Balaghat, to the President, Excise Committee, C. P. and Berar.

In reply to your letter No. 130, dated 25th March 1904, enclosing a note on my suggestions, I have the honour to say that I greatly appreciate the full consideration which you have been good enough to accord to my, I fear, rather inconclusive remarks.

2. I have very little experience of Excise matters and cannot ask that my opinions may be taken as having any particular weight.

3. Provided that there are no important differences in the quality or price of *mahua*, price of fuel, or quality of water, points on which no doubt the Committee have satisfied themselves, I am prepared to admit that a 5 anna cost rate per gallon of 60° u. p., if attained in Ganjam, to which, I presume, the Committee allude, could be readily attained for a similar output in the Central Provinces. Ganjam was, if I am not mistaken, the pioneer district of the new system, and it certainly seems highly probable that what succeeded there will do so here.

4. As to cost of transport, cartage rates vary widely in different districts. In Nagpur roads are fairly level, and those to the tahsil head-quarters quoted are, I think, *pukka*. The Balaghat cart is much smaller than the Nagpur cart, owing, I believe, to the lack of the *pukka* roads in the past and to the hilly nature of many of the main traffic routes. The cost on a *pukka* road may be an anna a mile per cart; but on a *kacha* road it is, if I mistake not, higher. I do not know this district very well; but I well remember in Bilaspur that the rate for a cart from Bilaspur to Mungeli for 31 miles was Rs. 3. It was seldom less and in the busy season a good deal more. This works out to about Re. 0-1-6 a mile. Again, the rate of one anna a mile quoted in Nagpur seems to postulate the cart getting a full load back.

5. Where the grade is very steep it will cost more. I speak from memory, but I believe that carts are now carrying sleepers at Re.1-6-0 a sleeper from Topla to Lampta, that is Rs.4-2-0 (the average cart, which is very small, carries 3 sleepers, 4 sleepers when larger, and 5 in very large ones) for 50 miles, and go back empty. But they will only do this in the open season. These carts will only carry, however, about 50 gallons, as was proved by actual experiment two months ago. Thus I fancy rates will run about 1 anna a mile for 50 gallons in the plains and about Re.0-1-6 or 2 annas a mile in the worst parts of the hills that are traversed regularly by carts.

6. I do not think the rate of Rs.4 a month for a small shopkeeper too low; as the statement appended to my last note showed, in many cases the Kallars make less than that. There is no question of a living wage. The only point is, what amount the Kallar thinks it worth while to take the extra trouble for.

7. But, even allowing for the cartage rate estimated by the Committee not being applicable to this district, and for possible loss by wastage and pilfering *en route*, I think the present proposals of the Committee allow an ample margin, and I entirely agree that the calculations now arrived at justify the introduction of the scheme. In jungly tracts, in fact in all but towns, the rent need not be separately considered, and may in fact be added to profits as showing what the Kallar will have to live on, and this seems to me to assure an ample profit.

8. Under the above circumstances I propose the introduction of the new scheme into the below-ghat portion of the district, and as soon as practicable. Its working might be watched for a year or so; after this it might be gradually introduced in Baihar, the way being paved for it by the doubling up of the out-still circles previously recommended by me.

The rate of duty recommended affords under the proposed system a sound basis and allows a margin to cover any initial losses sustained by Kallars. A higher rate can in a few years be worked up to.

9. My excuse for my previous criticisms lies in the fact that I feared that the Committee were going to rely mainly on the *a priori* reasonings which resulted in the disastrous failure of the Bonded Warehouse system.

Letter from Arthur Mayne, Esq., I.C.S., Deputy Commissioner, Narsinghpur, to the President, Excise Committee, Pachmarhi, dated the 18th April 1904.

I have the honour to state that, as a consequence of the discussion we had at Pachmarhi, I have made further enquiries into the extent to which, in this district and in areas similar to it, the country liquor system can be reformed on the lines proposed by your Committee. I regret the delay in submitting the following suggestions, but trust that it is still not too late for the points raised therein to receive your consideration, as they seem to me to be of considerable importance.

2. I understand that your estimated figure of supply of a good *mahua* liquor at 14 annas per gallon L.P. at tahsil head-quarters may be taken as *pukka*, and that you now propose to extend the new system only by gradual steps to the plateau districts and to the less advanced parts of the out-still area in the plains. If that be so, I would beg to give the general spirit of your recommendations my hearty support. But I would like to point out a few matters in connection with your estimate of the cost of supplying liquor to rural shops.

3. On page 95 of your Note on Akbari Changes, you allow for cost of carriage from the warehouse to shops at 2 annas a gallon L.P. The liquor is to be issued at 60° u. p., so the rate will be a little over three pice per gallon actually carried. I find on enquiry that in this district liquor is not in practice being, and cannot in the near future, be carried at this rate, even to the comparatively near rural shops situated in the Sadar Distillery area. I append a statement for such shops near Narsinghpur. It shows that the cost of carriage varies from 1 to 1½ annas per gallon when the transport is by pony and from 1 to 2 annas when by head load. The average distance of the shops for which I have been able to collect the information is 10 miles. For our two tahsils as a whole, small as they are, an average of 15 miles will not be excessive. I do not therefore anticipate that in practice the cost of transport from the bonded warehouse to shops will average less than 2 annas per gallon of liquor of the strength issued. This will work out at 5 or 6 annas per gallon L.P. It should be noticed that in the out-still area, which may roughly be taken as the part of the district lying outside a circle of, say, 10 miles radius from the tahsili, the rate will be about seven annas per gallon L.P., while in the Sadar Distillery area it will be quite 3 annas.

4. The vendor's profit of 4 annas per gallon L.P., calculated so as to give Rs. 4 a month for a small shop selling 10 gallons at 60° u.p., appears to me to be framed too low for practical purposes. Four rupees a month may be a living wage, but I have met few sub-lessees of akbari contracts who were willing to live on it. It may be said that the contractors of small shops will have some other occupation, but previous experience in the matter of small opium and *ganja* contracts does not, I think, point strongly that way. Persons addicted to the use of opium or *ganja* frequently take up contracts which other men would not find remunerative, since they save comparatively large sums in the matter of their personal consumption. But in most villages where there are liquor shops there are available few persons carrying on other occupations which can be combined with that of liquor seller. The Sadar Distillery monopolist has to offer sub-lessees considerably better terms than four rupees a month of profit, to get his sub-contracts for rural shops taken up. Further,

the small contractor will at times have to either engage an agent to purchase liquor for him or to carry on his sales while he is absent at the tahsili. Though his total sales be small, they will be uncertain in quantity, and he cannot afford to close his shop, and to thus lose the chance of a single wedding or other orgy. If the small shopkeeper is to earn a bare subsistence, he will be unable to provide the advance necessary for laying in several weeks' or months' supply of liquor before the rainy season.

5. No allowance has been made for dryage or for loss through accident, such as breaking or upsetting of a *ghara*. If inspection is to be resorted to to prevent the contractor from using water as a substitute for liquor thus lost, I would suggest that we ought clearly to allow a more liberal margin in the profits, to meet such eventualities.

6. It may be that, if you revise your figures to any considerable extent, the surplus left for the imposition of a still-head duty will disappear, and the introduction of the new system into a large portion of the present out-still area will be limited by the very real risk that liquor distributed in the proposed manner can only be put upon the market at a price higher than the people can be got to pay, or it may be merely that the margin left for the still-head duty will be so restricted as to keep that duty down to a considerably lower figure than the amended one of Rs. 1-14-0 you propose for immediate adoption. I cannot form an estimate on the point as regards other districts. But, if the experiment is made gradually, our figures of consumption should soon teach us how far we may, by the adoption of more scientific methods of distillation and of better organisation for distribution, overcome the naturally serious barriers imposed by hill and jungle.

7. It seems to me a point to remember that over considerable areas the people are not at present paying nearly as much as 3 annas for a bottle of liquor 75° u. p.—the standard which, on the strength of the Honourable the Chief Commissioner's remarks in the Excise Review for 1901-02, your Committee has adopted as a minimum of price. In this district the retail price averages 2 annas 3 pies (Re. 0-2-3) for a bottle of one-sixth (not one-seventh) of a gallon, and the strength averages about 62½° u. p. The average price paid, calculated at gallon rates of London proof, is thus Rs. 2-4-0, as opposed to your minimum standard of Rs. 5-4-0 (page 94 of your note). I do not believe that drunkenness is a great or growing evil here. Nor is the lowness of the present price of liquor due, in my opinion, to temporary causes, since the drinking classes have recovered from the famines and have fair employment. I do not say that the price of liquor cannot be raised with advantage, but I would strongly deprecate any sudden and marked increase as being very likely to wreck the new system. If the price in rural areas were raised, say by 33 per cent, *i. e.*, to Rs. 3 per gallon L. P., your calculation of the practicability of your supplying a rural shop from a central still might come out very different to that given on page 95 of your note. An increase of 5 annas in the cost of carriage and of, say, 8 annas in the vendor's profit per gallon L. P. would raise the total expenses to Rs. 3-1-0 per gallon, while the total price available would be only Rs. 3. The margin for still-head duty would thus disappear altogether.

8. It may be that the case of Narsinghpur, which has only a small drinking population, is exceptional, and that in other parts of the Province the people in the poorest tracts to which it is proposed to apply the new system are paying or are prepared to pay at the rate of Rs. 5-4-0 per gallon L. P. I might point out, however, that, as far as I am aware, this price has not been adopted after enquiry as a general minimum rate which the poorer classes can pay. In his review of the Excise Report for 1901-02, the Honourable the Chief Commissioner did, it is true, express an approval of the price of 3 annas a bottle for the *outlying tracts of the Sadar Distillery area* in the Jubbulpore district. In the corresponding tract of this district the people pay at least as high a price as that, but I would submit that it is just because they have to pay that price that sales in that rural area are so low and that it is difficult to keep a number of the shops open at all, by reason of the fact that the out-still liquor is much cheaper. Further, it does not seem to have been proved that the Jubbulpore liquor referred to (Sadar Distillery rural liquor) is as weak as 75° u. p. Our own is considerably stronger, and the price per gallon L. P. works out at about Rs. 4. If the price of Rs. 5-4-0 per gallon L. P. is to be taken as a general standard, I would submit that more extensive local enquiries are desirable, since the Honourable the Chief Commissioner's remarks appear to be of a local nature, while your Committee seem to have taken them as of general application.*

* "The lowest price must be slightly above the still-head duty, and, therefore, in order to ascertain the latter, it has first to be seen what price the poorest class of consumer can afford to pay. This has been laid down by the Chief Commissioner in the Review of the Excise Administration Report for 1901-02 at 3 annas a bottle or Rs. 1-5-0 per gallon for weak liquor, counting seven bottles to a gallon. . . . The ordinary *rasi* of the poorer districts averages 75° u. p., . . . gives approximate retail selling price of Rs. 5-4-0 per gallon of proof spirits for agricultural districts."—
(Page 94 of your Note.)

Failing such enquiry, it appears to me that the new scheme may unwittingly result in a very great enhancement of price, and thus be doomed to failure. When the present real price is accurately known, it may perhaps be thought necessary to devise a scheme for issuing the liquor at a high rate of duty to *haweli* areas near the head-quarters and at a lower rate to much of the surrounding area.

I append statements A and B on cost of transport of liquor and price and strength of out-still liquor.

Again apologising for the delay in this reference.

23
A.

Actual rates paid for transport of liquor to rural shops near Narsinghpur Head-Quarters.

Name of shop	By PONY LOAD.				By HEAD LOAD.				
	Kind of road.	Distance in miles.	Rate paid.	Number of gallons of liquor transported.	Name of shop.	Kind of road.	Distance in miles.	Rate paid.	Number of gallons of liquor transported.
			Rs. a.					Rs. a.	
Kareli ...	Pucca.	11	0-8-0	8 to 10	Umaria ...	Good <i>kacha</i> road.	7	0 4	4 gallons.
Amgaon ...	Do.	14	0-10-0 to 0-12-0	8 ,, 10	Dangidhana ...	<i>Pukka.</i>	7	0 4	4 do.
Burman ...	Do.	20	1-0-0	10 ,, 12	Singhpur ...	Do.	5	0 3	4 to 5
					Kathotia ...	Do.	5	0 3	4
					Bouchhar*	Good <i>kacha.</i>	12	0 6	4
					Barehta ...	Do.	14	0 8	4

Rates average from 1 to 1½ annas per gallon. Rates average from 1 to 2 annas per gallon.

Note.—Liquor is not sent by cart, as the quantity needed at a time is not such as to make cart transport sufficiently cheap.

* If on market day a cart is going to Bouchhar with room for a tin of liquor, the contractor sends 4 gallons at a cost of 4 annas.

B.

Statement of strength and price of out-still liquor (mostly extracted from diaries of Excise Inspector for the months of May to December 1903).

Name of out-still shop.				Strength of liquor.				Price per bottle reported by the contractor.
								Rs. a.
Babai ...	...	...	...	U. P.	...	...	...	...
Kerpani ...	...	...	...	{ 58·4 <i>rasi</i>	...	...	...	0 3
Jotkhera ...	...	...	...	{ 35·4 <i>dubara</i>	...	...	...	0 6
Sankal ...	...	...	...	{ 60·2 <i>rasi</i>	...	...	...	0 3
				{ 60·2 do.	...	...	...	0 3
				{ 60·2 do.	...	...	...	0 3
Bamhni ...	...	...	...	{ 45 to 50 <i>dubara</i>	...	...	...	0 4
Suatalao ...	...	...	...	{ 68·4 <i>rasi</i>	...	...	...	0 2
Bilehra ...	...	...	...	{ 40 to 50 <i>dubara</i>	...	...	...	0 4
				{ 63·8 <i>rasi</i>	...	...	...	0 2
Tendookhera ...	...	...	...	{ 62·5 do.	...	...	...	0 2
Madanpur ...	...	...	...	{ 45·5 <i>dubara</i>	...	...	...	0 4
Mungwani ...	...	...	...	{ 62·4 <i>rasi</i>	...	...	...	0 2
Gorakhpur ...	...	...	...	{ 39·4 <i>dubara</i>	...	...	...	0 4
				{ 62·8 <i>rasi</i>	...	...	...	0 2
Basuria ...	...	...	...	{ 66·1 do.	...	...	...	0 2
Chichli ...	...	...	...	{ 66·5 do.	...	...	...	0 2
Dobhi ...	...	...	...	{ 48·3 <i>dubara</i>	...	...	...	0 4
Bukour ...	...	...	...	{ 64·5 <i>rasi</i>	...	...	...	0 2
Hurapur ...	...	...	...	{ 66·4 do.	...	...	...	0 2
Barha ...	...	...	...	{ 59·8 do.	...	...	...	0 2
Budheria ...	...	...	...	{ 63·2 do.	...	...	...	0 2
Mohpani ...	...	...	...	{ 65·5 do.	...	...	...	0 2
				{ 64·5 do.	...	...	...	0 2
				{ 54·4 do.	...	...	...	0 3
				{ 54·9 do.	...	...	...	0 3

Strength of *rasi* averages to 62·5 and price to Re. 0-2-3 ½—corresponding price per gallon L. P. is Rs. 2-4.

Note.—Some contractors habitually report higher prices than they sell at, as they wish to avoid complaints on the ground of underselling the Sadar Distillery contractor. Enquiries made from consumers show that, except at Mohpani, Chichli and Babai, where the price is 3 annas a bottle, liquor is sold from out-stills at 2 annas a bottle of from 60° to 65° u. p. The bottles are six to the gallon, as opposed to the Sadar Distillery measures which are seven to the gallon.

*Extract from demi-official letter from Arthur Mayne, Esq., I.C.S., Deputy
Commissioner, Narsinghpur, dated 18th June 1904.*

Many thanks for your demi-official and draft of note regarding rates at which you propose to levy still-head duty. The note itself goes far to meet my objections; and if, as I gather from our conversation, the present out-still area is to be taken gradually under the new system, then we shall discover by experience in what tracts a direct duty of even 15 annas per gallon L. P. is impracticable. So that I am now in full accord with your proposals.

APPENDIX III.—EXTRACTS FROM CORRESPONDENCE, ETC.

Part I.—Country Spirits.

(a) *Extract of a Report from J. Weinberg, Esq., Rosa, United Provinces of Agra and Oudh, to the Secretary to the Chief Commissioner of Assam, on the analysis of certain samples of country liquors made in Assam.*

The number of samples analysed was 25, the analytical results of which are in the attached statement.

The samples were analysed for alcohol (proof spirit), higher alcohols (fusel oil), acidity, aldehydes, and furfurol, and I propose to deal separately with each constituent in this report.

1. *Alcohol*.—This was determined picnometrically in the neutralised, redistilled spirit, and the results are expressed as per cent. by volume alcohol and per cent. by volume proof spirit.

As may be seen from the attached statement, the samples were all very weak, only in two cases coming above 25 per cent. alcohol. Nearly 40 per cent. of the samples contained from 12 to 16 per cent. alcohol, or less than ordinary port wine or sherry.

It is evident that the native consumer can drink a considerably larger proportion of such weak spirit than would be the case had the spirit had the strength of whisky or rum, and he consequently consumes a large proportion of impurities.

Another less desirable consequence of the distilling of weak spirit is that the weaker the spirit is, the more impure it will be. Drawing off a weaker spirit from the still simply means distilling a longer time and drawing off more water; consequently the impurities (higher alcohols and furfurol), which are less volatile than ordinary (ethyl) alcohol, are for the greatest part carried over in the latter part of the distillate with the water vapours.

If the samples analysed are divided into two groups, the one containing all the spirits with less than 17 per cent. alcohol(=30 per cent. proof spirit), and the other group all the spirits above that limit, the following results are obtained :—

Higher alcohols,		Less than 17 per cent. alcohol.	More than 17 per cent. alcohol.
Mg. p. litre country spirit ...	...	2,038	1,610
Mg. p. 100 cc. alcohol ...	...	1,497	750
Grains per proof gallon ...	...	599	300

The weaker spirit nearly contained double as much "higher alcohols" calculated upon the same strength.

2. *Higher alcohols* ("Fusel oil").—These were determined by the Rose-chloroform method, and expressed in terms of amyl alcohol, notwithstanding that in certain cases there might be more butyl and propyl alcohol than amyl alcohol. As the reactions given by the two first-mentioned alcohols are smaller than that given by amyl alcohol, it is evident that the results obtained are too small. On the other hand, the toxic powers of the two alcohols are smaller than that of amyl alcohol, so that the term "higher alcohols as amyl alcohol" may, without great inaccuracy, be taken as meaning parts of a "mixture of higher alcohols of the same toxic power as amyl alcohol."

This toxic power is, according to Picaud's and Van der Velden's investigations, about ten times as large as that of ordinary (ethyl) alcohol. When occurring in relatively small amounts, as in good brandy or whisky, the proportion between ethyl and the higher alcohols is so large (500) that it seems that only a slight part of the evil effect can be due to their presence, if—and most experiments seem to prove this—they have no special physiological effect beyond that of an equivalent amount of ethyl alcohol.

When, however, the proportion goes down to $\frac{1}{40}$ — $\frac{1}{30}$ as is the case with some of the spirits analysed, it is doubtful whether the same can be said, and it would seem desirable to find means to decrease this large amount of higher alcohols. The proportion of higher alcohols produced in the fermented wash seems to increase with a weaker, uncleaner and lengthier alcoholic fermentation. It is therefore necessary to start distilling the wash as soon as the fermentation has ceased.

Recent investigations by Reymann and Kruis have further shown that, even with an absolutely clean and rapid fermentation, relatively large quantities of amyl alcohol were produced in barley washes, and the investigators are of the opinion that certain carbohydrates in the washes are responsible for this.

At present too little is known about the chemical composition of the *mahua* flower, to decide whether such sugars are present in a *mahua* wash, but any one acquainted with the working methods of the native spirit manufacturer will clearly recognise that the first-mentioned causes for the production of higher alcohols are amply represented in the native distillery.

Taking the lengthy and unclean fermentation, combined with the crude and irrational distillation, into consideration, it is therefore not to be wondered at that the samples analysed nearly all contained a very large proportion of higher alcohols.

The average was 1,721 milligrammes per litre original spirit and 888 milligrammes per 100 c.c. alcohol, corresponding to 355 grains per proof gallon, and more than 60 per cent. contained above 700 milligrammes, in some cases the contents reaching above 2,000 milligrammes. The recently published analysis of brandy and rum by Cuniasse, of whiskies by Schiedrowitz, and of Portuguese spirits by Mastbaum give the following figures for higher alcohols : —

				Milligrammes per 100 c.c. alcohol.	
Brandy	...	...	...	400—60	Most samples under 200.
Rum	...	...	...	300—50	Ditto ditto
Whisky	...	...	...	270—70	
Portugese spirits			...	400—0	40 per cent. under 100.

As far, therefore, as higher alcohols are concerned the samples could only be pronounced very impure from a chemical point of view.

3. *Acidity*. This was determined by titration with $\frac{1}{10}$ normal alkali (phenolphthaleine), and the results expressed in terms of acetic acid.

The acid in distilled spirit is for the greatest part produced in the wash by acetic acid bacteria at the expense of the produced alcohol, and a highly acid wash and spirit is always the surest sign of an unclean and lengthy fermentation.

The average contents were 1,890 milligrammes per litre original spirit and 973 milligrammes per 100 c.c. absolute alcohol, corresponding to about 389 grains per proof gallon.

This is an exceedingly high percentage, the contents being in other spirits —

						Milligrammes per 100 c.c. alcohol.
Brandy	...	...	...	...	...	300—10
Rum	...	...	...	...	...	250—160
Whisky	...	...	...	...	...	60—0
Portuguese spirits	...	...	...	...	...	250—40

4. *Aldehyde (acetic)*.— This has been tested for qualitatively with metaphenylenediamine chlorhydrate. I regret not to have been able to determine this (and other related) substance quantitatively, as I had no pure aldehyde at my disposal for preparing comparing solutions.

Acetic aldehyde is chiefly produced by oxidation of the alcohol in the still. The irregular heating of the retort causes an air current to come into contact with the hot alcoholic vapour and partially oxidises it into aldehyde, and the inefficient (if any), cooling arrangements in the native stills of course help still more towards the formation of this substance.

It was found to be present in all the spirits.

5. *Furfural* (Pyromucic aldehyde).— This was tested with aniline acetate, and colorimetrically compared with pure furfural solutions of known strength. Furfural is formed by the combined action of strong heat and acid upon carbohydrates of the pentose series. All these conditions are present in an acid *mahua* wash, containing the fibrous portions of the flowers, which is distilled in a locally overheated pot-still, and the result is that relatively high proportions of this very deleterious substance is found in *mahua* spirit.

It has been found in crude spirits, prepared from cereals in pot-stills (whisky), and its characteristic reaction with aniline acetate has been suggested by Allan as a test for pot-still whisky.

Mahua spirit has a distinct smell of furfural or one of its derivatives, which often has been compared to that of raw Irish pot-still whisky, and a mixture of pure ethyl alcohol and water with a little furfural added, has a smell which closely resembles that of *mahua* spirit.

The toxic properties of furfural have been dealt with extensively by Sir Laudar Brunton and Dr. Tunnicliffe in a monograph entitled "Certain apparently injurious constituents of potable spirit." After pointing out that the higher alcohols, as a rule, are considered as the deleterious constituents of spirits, they rightly remark that experiments have shown that, when a low limit is kept for these impurities, they probably are not of much danger to public health, and they continue as follows :—

"Not so with aldehydes, and specially furfural. Speaking generally, these bodies are poisonous, or at least irritating; they are for the most part converted in the body into the corresponding acid, and thus tend to diminish the alkalinity of the blood. This individual point is not without interest, in that, according to most physicians, any cause tending to render the blood less alkaline favours the occurrence of gouty deposits in the joints."

"Furfural gives rise to paralysis of the voluntary muscles, and latter to clonics and tonic convulsions. An odd point about these symptoms is their transient nature; immediately after the injection of the drug, the animal falls down completely paralysed, its tongue and lips become bluish, and its breathing slow and convulsive, or at other times irregular and rapid; convulsions then appear, vomiting occurs, and afterwards when the animal begins to recover, it is at first dazed, but rapidly becomes normal. Two human subjects who were bold enough to take this apparently active poison in the same dose, got bad throbbing headache after it, which lasted the rest of the day. This latter result brings us to what, from the practical standpoint, is the most interesting part of the research. We believe it will be generally

admitted that one of the commonest results of too free potations in the human subject is a bad throbbing headache, and it appears that the alcohol itself is only partly to blame for this disagreeable sequela. The aldehydes generally, and furfural particularly, play a very active part in the production of these headaches. This appears to be one reason why one is less liable to get a headache after old whisky, for instance, than after new, or, speaking more correctly, relatively new. One of the effects of maturation upon whisky is to diminish the amount of furfural and aldehydes which it contains. This effect of maturation can apparently be effected by another means, *viz.*, by distillation of the fresh spirit or of the low wines with phenylhydrazine sulphonate. By this means the authors were able to obtain a furfural free whisky, and to watch the effect of it upon animals, comparing it with that of the same spirit before distillation. Their results are certainly interesting. They found that recovery from profound alcoholic, or rather whisky, poisoning, was distinctly different in the two cases. In the case of the original spirit, the animal, during the transition stage from drunkenness to sobriety, was restless, wandering from one part of the laboratory to another, and seemed, generally speaking, remarkably uncomfortable. Even when the gross symptoms of alcoholic poisoning had passed off, the animal did not behave normally for some time; it refused food offered to it, and showed marked signs of bad temper. These secondary symptoms were entirely absent in the case of the aldehyde free spirit. When the animal was sober, it appeared perfectly normal, and, if offered food, took it apparently with relish."

"These symptoms, which cannot fail to remind one of the so-called 'Katsen-jammer' of the German student, are, oddly enough, most markedly relieved by precisely those substances which contain chemical groups capable of combining with and rendering innocuous these same aldehydes. The most general substance used in this connection is either ammonia itself or some compound containing amido (N H₂) group."

"The action of all morning 'pick-me-ups' from the student's red-herring to the *viveur's* effervescing citrate of caffeine, is apparently explainable upon this hypothesis, *viz.*, that they neutralise the aldehyde constituents of the potable spirits."

When these very interesting results are compared with the complaints about the special deleterious character of *mahua* spirit (such complaints are to be found in the Indian literature on this subject as far back as in "Hew's Tour in Bombay") and further held together with the fact that the *mahua* spirit contains a higher percentage of furfural than practically any other analysed spirit, it seems justifiable to draw the conclusion that the "higher alcohols" are not solely responsible for this deleterious character, but that the "furfural" also has to be considered in this connection. The average amount of furfural in the samples was 4 mg. per 100 c.c. alcohol, 50 per cent. of the samples being above the average, and some samples contained as much as 9—12—15mg. Among the samples analysed this year one contained 30 mg.

The proportion contained in other spirits is—

				Mg. per 100 c.c. alcohol.
Brandy	...	...	...	0.2 mostly below 1
Rum	...	...	...	1-5 " " 3
Whisky	...	...	...	faint traces-4 " " 3
Portugese spirits	...	...	...	nil -3 " " 1

Schiedrowitz found that the proportion of furfural decreases with the age of the spirit, changing into a peculiar body which gives a yellow (instead of a red) reaction with the reagent used. I have found the same in cases of *mahua* spirits which I have kept for some time, and have further found that rendering the spirits alkaline and redistilling seems to act upon the furfural in this way.

Further experiments might show that rendering the wash alkaline before distilling would decrease the proportion of furfural, and storing the spirits would have some beneficial effect upon them.

The spirit samples have not been analysed quantitatively for *compound ethers* (as ethyl acetate) or for *organic bases*, but it would be advisable to determine them quantitatively in order to get a complete definition of the character of the spirit.

Statement of Analysis of Assam Country Spirits, 1903.

No.	Date.	District.	Vernacular name.	PER CENT. BY VOLUME.		MILLIGRAMMES ACID.		HIGHER ALCOHOLS (AS AMYL ALCOHOL).			MILLIGRAMMES FURFUROL.		Milligrammes per litre original spirit = 1 part in 1,000,000.
				Alcohol.	Proof spirit.	Per litre original spirit.	Per 100 c.c. alcohol.	Milligrammes per litre original spirit.	Milligrammes per 100 c.c. alcohol.	Grains per gallon.	Milligrammes per litre original spirit.	Per 100 c.c. absolute alcohol.	
1	2	3	4	5	6	7	8	9	10	11	12	13	14
1	5th May 1903.	South Sylhet ...	...	16°75	29°35	900	537	2,952	1,760	704	11	6·5	Milligrammes per 100 c.c. alcohol, = 1 part in 100,000 = 0·4grain per proof gallon.
2	3rd June 1903.	Lakhimpur ...	...	12°49	21°89	2,370	1,898	1,306	1,046	418	Not tested		
3	3rd do.	do.	...	25°60	44°87	1,380	539	3,256	1,272	508	Do.		
4	10th do.	Darrang ...	...	23°19	40°64	2,250	970	2,214	955	381	8	3·9	
5	12th do.	Kamrup ...	...	20°20	35°39	3,650	1,807	1,814	898	359	15	7·4	
6	11th do.	Sibsagar ...	...	12°38	21°70	1,580	1,276	2,989	2,414	964	8	6·5	
7	22nd do	Nowgong ...	...	18°31	32°09	1,470	803	1,857	1,014	411	4	2·2	
8	26th September 1903.	Cachar ...	Bangla ...	22°37	39°03	2,400	1,073	2,797	1,256	502	11	4·9	
9	26th do.	Do.	Phul ...	23°38	40°98	1,410	603	1,028	440	176	3	1·3	
10	5th October 1903.	Nowgong ...	Ras ...	12°49	21°89	2,000	1,603	3,198	2,560	1,023	3	2·4	
11	5th do.	Do.	Do. ...	15°91	27°89	2,700	1,697	3,196	2,009	802	7	4·4	
12	22nd do.	Sibsagar ...	Bangla ...	20°20	35°39	1,470	728	2,434	1,205	481	4	2·0	
13	22nd do.	Do.	Do. ...	20°16	35°32	1,470	729	2,426	1,203	481	4	2·0	
14	23rd do.	Do.	Do. ...	13°09	24°36	1,500	1,459	524	377	155	2	1·5	
15	24th do.	Do	Do. ...	17°48	30°64	1,920	1,098	948	542	217	3	1·7	
16	24th do.	Do.	Phul ...	19°83	37°74	2,860	1,442	1,974	995	398	3	1·5	
17	26th do.	Do.	Bangla ...	18°70	32°70	2,280	1,219	1,080	578	231	8	4·3	
18	26th do.	Do.	do. ...	12°87	22°55	1,620	1,259	1,373	1,067	426	15	11·6	
19	28th do.	Do.	Phul ...	13°67	23°94	750	1,549	1,015	743	297	20	14·6	
20	5th November 1903.	Lakhimpur ...	...	21°35	37°39	2,210	1,030	608	285	114	7	3·3	
21	4th December 1903.	Kamrup ...	Bangla ...	15°40	27°00	1,520	987	522	339	135	4	2·6	
22	30th November 1903.	Do.	Phul ...	33°19	58°17	3,030	913	1,090	328	131	4	1·2	
23	7th December 1903.	Darrang ...	Do. ...	23°98	42°03	1,460	609	872	372	149	20	8·4	
24	8th do.	Lakhimpur ...	...	28°77	50°4	1,360	473	1,290	449	179	18	6·3	
25	9th do.	Do.	...	22°92	40°16	1,750	765	516	225	90	20	8·7	
		Average	...	19°39	33°96	1,890	973	1,721	888	355	8·8	4·	All the samples gave the aldehyde reaction.

(b) *Note on the Manufacture of Mahua Spirits in the Central Provinces, by Mr. D. G. Mitchell, B. Sc. (Edin.), I.C.S.*

1. The following note is based on a few simple experiments carried out with the apparatus and chemicals procurable, and on observations in the sadar distilleries of Jubbulpore and Hoshangabad, and the out-still at Sohagpur. The experiments were necessarily far from complete, and such quantitative results as are given do not pretend to any high degree of accuracy. The intention is to show the salient defects of the present methods and to suggest some simple practical remedies, and to call attention to the advantage to be gained from an authoritative enquiry into the subject.

The note is divided into the three main heads of fermentation, distillation, and the flavour of country spirits.

A.—*Fermentation.*

2. The first point to be considered is the proportion of water which should be added. In the Central Provinces this varies from 9 gallons of liquid (being 3 gallons of spent wash and 6 gallons of water) to the maund of *mahua* flowers, as at the Hoshangabad distillery, to 36 gallons of liquid (being 12 gallons of spent wash and 24 gallons of water), as at the Hinganghat distillery. The average is about 24 gallons of liquid to the maund of *mahua*. In order to ascertain what would be the real initial gravity of such proportions, if the sugar in the flowers were assumed to be all dissolved immediately, quantities of one seer of *mahua* flowers were taken and treated with varying proportions of water. I found the initial gravity of various proportions as follows :—

Proportion of water and <i>mahua</i> flowers.	The present practice.	Per maund of <i>mahua</i>	Initial gravity.
40 gallons	...	...	1,060°
36 "	...	...	1,067°
24 "	...	...	1,100°

With lower proportions of water than this I failed to extract all the sugar successfully.

3. In English distilleries the initial gravities selected usually lie between 1,045° and 1,055°. If the gravity is higher than this, the yeast acts in a torpid manner, and, if lower, the resulting wash is bulky and expensive to distil. The yeast plant acts best in dilute solutions, and the best proportion is that which at once promotes the propagation of the yeast and does not yield too dilute a wash. It may be taken for granted that long experience and trial in England has demonstrated that the most profitable range of concentration is from

The practice in England. 1,045° to 1,055°, when fermentation proceeds from a wort in which the sugar is entirely dissolved. But in the Central Provinces, solid flowers are thrown into the fermenting vats, and the sugars contained in the flower tissues find their way into solution by a slow process of diffusion, so that the fermentation of solid *mahua* flowers cannot be compared directly with the fermentation of a sugary solution. The upper layers of water immediately surrounding the flowers dissolve some of the sugar, and becoming heavier than the lower layers sink, and are replaced by fresh layers of water. There is a continual slow circulation in the vat. Most of the Central Provinces distilleries promote the process by stirring at intervals. As soon as an appreciable quantity of sugar is dissolved in the water, fermentation sets in, so that after the first few hours sugar is coming in solution by diffusion, and is disappearing through fermentation in forming alcohol.

But there is difference in conditions. Thus at no stage can the solution of sugar attain to an approximation to what may be called the "latent initial gravity," i.e., the initial gravity which would result if the sugars were all dissolved immediately.

4. The bearing of this on the best proportion of water to be added is obvious, for since the solution at no period reaches its "latent initial gravity," a smaller quantity of water may be employed without the solution ever exceeding that range of concentration which is most suitable to the active exercise of the functions of the yeast, than may be employed if all the sugars were at once dissolved. A proportion of 40 gallons to the maund, with a "latent initial gravity" of 1,060° would probably never attain a gravity exceeding 1,040°, a degree of concentration very favourable to the action of the yeast. In Sambalpur distillery a proportion of about 34 gallons per maund is used, and the gravity on the second day was found by the Committee to reach 1,043°. In Jubbulpore distillery, where a proportion of about 30 gallons to the maund is used, the Committee found an initial gravity of 1,050° on the third day, and this was probably not the highest gravity attained. A very fair proportion would therefore seem to be about 36 to 40 gallons of water (including spent wash) to the maund of flowers. If a smaller proportion of water than this be used then there are two drawbacks. Firstly, the gravity attained for a considerable period of the fermentation will exceed a proportion healthy to the yeast plant; secondly, the alcohol produced

may attain to a concentration which will destroy the further action of the yeast, so that fermentation will cease and a certain proportion of sugar will be lost.

5. I made a series of experiments with varying quantities of water added to one seer of *mahua* flowers. The best results with each proportion are shown below.—

Proportion of water per seer of <i>mahua</i> .			Proof spirit obtained.		
32 drams.	...	...	..	2 drams.	
40 "	...	...	...	3 "	
48 "	...	...	...	4.6 "	
56 "	...	...	..	3.3 "	
64 "	..	...	...	2.8 "	

The best proportion was that of 48 drams water to the seer of *mahua*, *i. e.* about 40 gallons to the maund. The distillate in the latter experiments was very bulky and very dilute.

6 The period of fermentation is determined by the rate of diffusion of the sugar even to a greater extent than by the rate of action of the ferments. A good yeast will ferment a sugary solution in less than 48 hours, but as fermentation is practised in the Central Provinces at present, all the sugars certainly do not diffuse out of the *mahua* tissue in that period. The question of the use of rapidly acting yeasts must, therefore, as a first condition, necessitate the employment of speedier methods of solution.

7. A simple and most effective improvement for this purpose would be the use of broad shallow fermenting tubs, instead of the present high and deep ones. The fermenting tub at present is of the dimensions of an ordinary barrel, and the layer of flowers on top is more than a foot deep. The upper portions of the layer are not immersed at all, but are supported by the floating portions below. Only a layer of some inches is fully immersed, and all the rest of the *mahua* is merely damp, and not even that in the hot weather. The water actively engaged in dissolving out the sugar is comprised in the narrow and shallow layer containing the fully immersed flowers. If, on the other hand, the fermenting vats were broad and shallow, all the flowers would be immersed, and the total quantity of water actively dissolving the sugar would be enormously increased. Further, the total water layer at present is very deep, and it takes a long time before all the water has come into contact with the flowers. The period of circulation is prolonged. With a shallow vat all the water would very soon contain sugar, and each portion would reach the flowers, in the course of circulation, much more frequently. In my experiments, in which I employed empty kerosine tins, the total water layer was about four inches deep and eight inches square across. This was quite sufficient to immerse all the flowers thoroughly, and even without spent wash or any fermenting agent I never required to ferment for longer than seven days, and usually I was enabled to distil after five days, and this with the thermometer at the unusually low temperature of 72° F. When I used some good yeast fermentation was quite complete in rather less than 60 hours. In the cold weather, when the temperature in the plains is about the same as the temperature in Pachmarhi at the end of August *i.e.* about 70° F., the distiller usually allows his fermentation to continue for ten or eleven days. This even without yeast is an unnecessarily long period and it leads to a poor yield of alcohol and a highly acid spirit.

8. Indeed over-prolonged fermentation is the chief fault of the ordinary Central Provinces distiller. At Hoshangabad I found a series of fermentations proceeding which were from one day to seven days old. In the vats in which the fermentation was up to four days old fermentation was proceeding fairly briskly, and there was noticeable effervescence in each. After the fourth day, however, the hissing sound had ceased. I took the gravities of the washes in each, and found the lowest gravity in that wash which was four days old. In the older washes the gravity increased rapidly and in the seven days' wash there was a distinct hissing sound due to active acetic fermentation.

9. Acetic fermentation is simply the oxidation of alcohol into acetic acid, promoted by the fungus *mycoderma aceti*. In such a compact mass of liquid as is contained in a fermenting tub the process is necessarily a slow one because the oxygen necessary is derived from the atmosphere by a slow process of solution at the surface and diffusion to the lower layers of the liquid, and oxygen is only very sparingly soluble in water. Hence, if the fermentation be carried out rapidly, the total quantity of alcohol oxidised will be very small. In the plains, where the temperature is almost always over 70°F., the use of a good yeast and of properly shaped fermenting vessels should enable fermentation to be completed in a little over 50 hours, or only about one-fifth of the time given by the ordinary distiller. Further, the strong vegetative action of the yeast, and its rapid reproduction tend greatly to suppress the vegetative action and reproduction of the acetic ferment; whereas in the sluggish fermentation as at present carried out, the actions of the yeast present are never so vigorous as to render the matrix unsuitable for the action of the acetic ferment.

10. I estimated the final acidities of several completely fermented washes, some with yeast, some without yeast. Fermentation with yeast was always completed under 60 hours, and the washes had an acidity represented by, on the average, 4. The acidities were expressed in terms of a fixed solution of caustic soda. Fermentation without yeast took from six to seven days, and had an acidity represented by 11. The best yield of proof spirit to the seer of *mahua* when no yeast was employed was 4.6 drams, and the average was about 4. The best yield with yeast was 5.2 drams, and the average was somewhat over 4.9 drams.

11. I found that an excellent method of preventing acetic fermentation was to add a large proportion of spent wash. I carried out four experiments side by side to show this. In the first one seer of *mahua* and one gallon of water were used ; in the second one seer of *mahua*, 32 drams of water and 16 drams of spent wash; and in the third one seer *mahua*, 32 drams water and 1 oz. yeast ; and in the fourth 1 seer *mahua*, 32 drams water, 16 drams spent wash, and 1 oz. yeast. In the first and third experiments the initial acidity was zero, and in third and fourth, to which I added equal quantities of the same spent wash, the initial acidity was 3.7.

The results were as follows:—

Conditions.	Initial acidity.	Final acidity.	Difference.
I. No yeast. No spent wash ...	...	8.2	8.2
II. No yeast. Spent wash 16 drams ...	3.7	8.5	4.8
III. Yeast 1 oz. No spent wash ...	...	4.2	4.2
IV. Yeast 1 oz. Spent wash 16 drams ...	3.7	4.7	1.0

The fermentations containing yeast were both completed in 55 hours ; the others in six days.

12. The reason of these striking results is that the *Mycoderma aceti* does not thrive in acid solutions. In the course of its vegetative functions it produces an acid (acetic acid) which may be regarded in a broad way as an excretion or bye-product, and any excess of such bye-product acts like a poison. In Europe sulphuric acid is sometimes used and sometimes a lactic acid fermentation is induced before the addition of yeast. But in the Central Provinces spent wash is much more convenient, and it has the further advantage that the nitrogenous substances contained in it are reduced by the prolonged boiling during distillation into forms readily assimilable by the yeast plant, (*amides*, etc.)

13. In the above experiments the yields of alcohol were respectively 3.6, 5.5, 4.9 and 5.8 drams of proof spirit. The 5.5 drams proof spirit, got from 1 seer *mahua*, 32 drams water and 16 drams spent wash, was the best result I obtained without yeast. The average with spent wash only was about 5 drams proof spirit, while the average with yeast and spent wash was 5.7, or 14 per cent. better. Yeast therefore gave a much better yield, and required only one-third of the time for fermentation.

14. Another possible improvement is the reducing of the flower to a mash, similar to that employed in the manufacture of potato spirit. I endeavoured to make some mashes, but, owing to want of sufficient power and proper apparatus, failed to shred the *mahua* tissue thoroughly. To a capitalist firm, which could afford an expensive mashing apparatus, such a plan is feasible, and will very probably be employed if any large firm undertakes distilling from *mahua* flowers. But this method is beyond the means of the ordinary Central Provinces contractor. However, an enterprising contractor might succeed in inducing the hill tribes who supply the *mahua* flowers to make *gur* instead. This could easily be done by the women, for all they would require to do would be to steep the *mahua* and squeeze it through cloths, and allow the resulting concentrated solution to evaporate in the sun. The distiller could dissolve the *gur* and employ yeast in the fermentation with best of results. The fermentation of such a wash would be complete in 48 hours.

15. I tried many experiments with *ranu*, but in no case did it appreciably shorten the period of fermentation. It does contain some yeast however, but apparently in small quantities and in a sluggish form. I prepared two sterilized solutions—one of *mahua gur* and one of cane sugar—and placed them in sterilised bottles with cotton-wool stoppers. To each I added some *ranu*. I placed alongside these two similar solutions but non-sterilised and without *ranu*. The first two fermented after a few days, the cane-sugar solution as readily as the glucose (or *gur*) solution. The other *gur* solution did not ferment for over a week, and the other cane-sugar solution did not ferment at all. *Ranu* therefore appears to be an excellent malting agent, but its utility in fermenting *mahua* (which contains mostly glucose) is doubtful.

Distillation.

16. In the Central Provinces distillery the thing which most requires improving is the still itself and its appurtenances. The form is almost always the Persian still, *i.e.*, a large copper boiler with a gooseneck leading direct to the worm. The heating is done by a fierce wood or coal fire, and the products of ebullition are led direct to the worm without any effort at separation or purification. Consequently, if the distiller wishes to extract all the alcohol from the wash, he must continue boiling till the final products, the "tailings," are exceedingly weak in spirit and very rich in fusel oil, furfurol and acetic acid. The practice is either to extract all the spirit, in which case the total distillate has a strength of from 50° and 60° under proof, and is very impure, or to continue distillation until the distillate reaches a given *dubara* strength of 25° to 30° under proof, in which case the wash is by no means exhausted of alcohol. I watched one distillation at Jubbulpore where 6 maunds of *mahua* were fermented with 140 gallons of water and 40 gallons of spent wash. Distillation was carried on till the distillate was at the strength of 45° under proof. The distiller obtained 26 gallons of proof spirit (47 gallons at 45° under proof) and the spent wash was found to contain 61·3 per cent. by volume of pure alcohol. The total volume of the spent wash would be 180 minus 47, or 133, gallons, and contained 0·8 gallons of pure alcohol, or 1·4 gallons of proof spirit. The distiller was therefore losing 5·4 per cent. on his total yield of 26 gallons proof spirit.

17. What is required in the Central Provinces is some simple inexpensive apparatus between the still and the worm which will effect some degree of separation of the alcohol from the less volatile substances present. A very simple form would be a large coil of tube placed so that anything which condenses in it would run back into the still. The surface of this pipe could be kept cool by wrapping it round with sacking and keeping a small flow of water running on to the top coil. I used such an appliance, and found that I could get over practically all the alcohol from a wash and have the distillate at about 20° under proof. A more efficient form would be a "doubler," whereby all the vapours are passed through water, and such as are condensed may be run back into the still. There would be no difficulty in attaching such an apparatus to the Persian still as used in the Central Provinces, and its inexpensive nature should put it within the reach of the non-capitalist native distiller. The effect of such an apparatus would be that the wash could be entirely exhausted of alcohol without the distillate becoming bulky and dilute, or impure.

18. Unless some form of intermediate condenser is employed, then the question arises how far to continue distillation so that, on the one hand, the bulk of the alcohol may be extracted, and, on the other hand, too large a proportion of impurities may not be driven over. Dr. Warden in his note that forms an Appendix to the Bengal Excise Commission Report tried to define this middle course by saying that not more than 25 per cent. of the wash should be distilled over. But obviously the percentage to be distilled over varies with the alcoholic concentration of the wash, *i.e.*, with the amount of water added before fermentation. In the distillation at Jubbulpore above mentioned, the distiller began with 180 gallons of liquid (containing 6 maunds of *mahua*) and distilled over 47 gallons of spirit, still leaving 61·3 per cent. by volume of alcohol in the wash. To obtain the yield of alcohol he was entitled to, he would have required to distil over several more gallons, and the percentage then distilled over would have been about 30 per cent. At Hoshangabad I watched a distillation where nine maunds of *mahua* had been fermented with 90 gallons of spent wash and 234 gallons of water. The distiller distilled till the spirit was at 50° under proof, and obtained practically 80 gallons of spirit. The proportion of liquid to solid *mahua* was here 36 gallons to the maund, the proportion distilled over was 25 per cent. and the spent wash contained 0·62 per cent. by volume of alcohol. If the proportion of liquid to *mahua* recommended above be accepted then 25 per cent. seems a fair proportion to be distilled over. If a lower proportion than this be employed then a larger proportion must be distilled over, and the quantity of impurities present will thereby be increased.

19. The forms of apparatus above suggested reject, among other impurities, a very large proportion of the acetic acid formed during fermentation. This acid is present in large quantities in many of the samples of spirits I examined. Some samples obtained in the Pachmarhi bazar contained 206 milligrammes of acetic acid per 100 cubic centimetres of spirit and showed considerable obscuration of the hydrometer reading. I redistilled several samples at 50° under proof with alkali and found obscuration in all, varying from 0·2° of proof up to 3° of proof. The average was '9° of proof, all of which, however, could hardly have been due to acetic acid only. Probably the alkali eliminated the furfural also, and there were some copper salts also present. But all of these impurities are due to the same cause, faulty distillation. The result would falsify the reckoning in proof spirit to the extent of $\frac{1}{2}$ per cent, and would mean a shortage of 2,500 gallons on 504,083 gallons, which was the total issue, other than from out-stills, in the Central Provinces and Berar in the year 1903-04.

20. The spirit obtained from the still fitted with the simple condenser above described never contained more than '05 grains of acetic acid per 100 c. c. of spirit at 50° under proof, and that obtained by using yeast without spent wash contained only '07 grains.

21. An effective method of eliminating all acids in spirit would be to redistil with alkali, wood ashes, or quicklime, but I found that the use of a strong alkali imparted a disagreeable odour and flavour to the spirit. The odour, however, disappeared very rapidly and left no appreciable smell of *mahua*, and I feel sure that spirit redistilled with alkali and kept for six months would be neutral and sweet to the smell.

22. In any case, unless the distiller has some modern form of condensing column, redistillation will be necessary in order that the distiller may store his spirits at a high strength. Acetic fermentation cannot proceed in strong alcoholic solution, nor yet in a pure one. In order to show that the current opinion that *mahua* spirit will not keep is wrong, I exposed some redistilled spirit at 40° over proof. It kept sweet even when exposed in a wine glass for over a week; and further, to show that the impurity of the present bazar liquor is responsible for its non-preservative qualities I diluted some of this pure redistilled spirit to 50° u.p. and exposed it alongside a glassful of bazaar *ekbara*. The *ekbara* turned to vinegar entirely in a couple of days; but I found only traces of acidity in the purer spirit after four days' exposure. I have kept some of the strong spirit now for about two months, and far from becoming sour it is very rapidly improving in sweetness and softness. The conclusion is that if any attempt be made to mature country spirits storage must be at high strengths, or the liquor must be very pure; that is to say the distiller must adopt some condensing device between his still and his worm, or re-distil several times with a Persian still.

23. Another point, and one which calls for authoritative interference, is the prevalence of copper salts in country liquor, due to negligence of the distiller in cleaning his worm. The use of spent wash and the prolonged fermentation give rise, as already pointed out, to a wash containing a high proportion of acetic acid. During the latter stages of distillation the acetic acid, whose boiling point is 118° C., comes over as a hot vapour, accompanied by an excess of hot water vapour. On condensation in the worm this becomes a weak, but hot, and therefore active, solution of acetic acid, which attacks the copper of the worm with vigour, forming a basic copper acetate ($\text{Cu}(\text{C}_2\text{H}_3\text{O}_2)_2 + \text{Cu}(\text{OH})_2$), which is partially dissolved as explained below and partially carried down in minute particles into the distillate. At both the distilleries I visited I took especial care to examine the mouth of the worm, the gooseneck and the worm end. In the gooseneck and the mouth of the worm I found a layer quite $\frac{1}{8}$ inch thick of pale-blue solid crust. The worm ends had slight bluish coatings.

The basic copper acetate itself is practically insoluble in water, but at each successive distillation, when more acetic acid flows over the crust, a certain proportion becomes converted into the normal copper acetate $\left\{ \text{Cu}(\text{C}_2\text{H}_3\text{O}_2)_2 \right\}$ which is freely soluble. Thus crust is continually being dissolved away. If the crust were not allowed to accumulate the proportion of normal copper acetate which could be formed would be infinitesimal, or *nil*. I had no means of estimating the quantities of copper present in the various samples I examined, but most of them showed traces of copper, and one, obtained in Pachmarhi, was rich enough in copper to give a blue tinge with ammonia.

24. One obvious method is to prevent the acetic acid from reaching the worm at all. This is accomplished without further trouble in any of the up-to-date forms of condensers. It could be done with an ordinary "doubler" by putting some slaked lime or quicklime or a solution of wood ashes into the water of the "doubler." Lime or wood ashes is cheap anywhere, and the cost of the amount necessary for the

purpose would be negligible. It would not impair or alter the flavour of the spirit, and the resulting product (calcium acetate or potassium acetate, as the case may be), if produced in any quantity, might find a market. If there is no apparatus to retain acetic acid the only means of preventing the presence of copper acetate in the liquor is to enforce continuous

With an ordinary Persian still.

and careful cleansing of the worm. A few bucketfuls of spent wash allowed to remain in the worm for an hour or so would convert all the insoluble basic acetate formed into the soluble normal acetate. This followed by a few bucketfuls of clean water would leave the inside of the worm bright and clean. One end of the worm should then be closed so that there could be no circulation of air through the worm. Air always contains moisture and carbonic acid gas, and these in combination attack copper very slowly to form an insoluble copper carbonate (popularly confused with verdigris, which is the basic acetate). This carbonate, however, dissolves almost instantly in acetic acid, so that, unless carbonic acid gas be excluded by closing the worm, the old difficulty recurs. The worm should be cleaned, if necessary, every day.

25. A simple and delicate test for the presence of copper salts in any solution is to add a drop of solution of potassium ferricyanide to a few cubic centimetres of the solution. If any copper is present a rich red colour at once appears, due to the formation of copper ferricyanide.

Flavour.

26. I tried to separate the ultimate flavouring substances present in the *mahua* flower, and finally obtained a very strong watery solution with a powerful musty, nauseating smell. This solution, if smelt with caution, gave exactly the same smell as is obtained by moistening the hands with *mahua* spirit as now manufactured and allowing the spirit to evaporate. To the European sense it is the reverse of agreeable, and I am strongly of the opinion that the native merely accepts the flavour not from choice, but because he can get no other. In order to test this opinion I called in six men at random from the bazaar and treated them to the following preparations:—*ekbara* (at 50° under proof), *dubara* (diluted to 50° under proof), Shahjahanpur rum (diluted to 50° under proof), Shahjahanpur rum (redistilled so that it was colourless, and diluted to 50° under proof), *ekbara* (redistilled with alkali and diluted to 50° under proof), spirit of my own manufacture (diluted to 50° under proof), spirit of my own manufacture, flavoured with aniseed (somewhat matured, and diluted to 50° under proof). The bottles were labelled in a manner intelligible only to myself, so that the men could not know what they were drinking. I found that Shahjahanpur rum was by far the most appreciated; then the spirit flavoured with aniseed, then the redistilled rum, then my own unflavoured spirit, then the *ekbara* redistilled, while the ordinary bazaar *ekbara* and *dubara* had no supporters. I arrived at the above order of preference by making each man point out the bottle which he preferred most, which next to that and so on; and giving six points to each first preference, five to the next, and so on. The Shahjahanpur rum had a very decided lead.

So far as an experiment conducted on so small a scale affords grounds for a conclusion, it would appear that the native drinker is not attached to the *mahua* flavour, and that he would welcome the introduction of a purer quality of liquor. If there is any desire for some definite flavour I feel sure that the addition of a few crushed aniseed seeds to the liquor before redistillation would meet the native taste. Such flavoured spirit is frequently sold in the bazaars at an enhanced price as *elaichi* or *laichi* and appears to be recognised as superior to the ordinary country spirits.

27. To sum up, the native distiller could greatly improve the quality and quantity of his liquor by—

1° adopting broad shallow fermenting tubs. As a preliminary step he could cut the present fermenting tubs in half.

2° using yeast, a liberal proportion of spent wash, and a proportion of 36–40 gallons of liquid to the maund of *mahua*.

3° adopting some simple inexpensive condensing apparatus between the still and the worm.

4° redistilling to a high strength and maturing his spirit.

5° cleansing his worm regularly, and, if possible, passing the hot vapours through some weak alkali like lime or wood ashes before they reach the worm.

These improvements are all simple and could be readily carried out by any native distiller; and the improved liquor resulting would be appreciated by the native population.

(c) *Copy of the 1st Schedule to the English Spirits Act, 1880.*

FIRST PART.—*Vessels to be erected before making entry by a distiller.*

The following vessels must be erected after the distiller's license has been obtained, and before entry of a still is made, and must thereafter be kept during the continuance of the distiller's license—

(a) If the still is of such kind that the produce of the wash on the first distillation is spirits and feints, 1 wash charger, 1 feints receiver, 1 spirit receiver.

(b) If the still is of such kind that the produce of the wash on the first distillation is low wines, then in addition, 1 low wines receiver, 1 low wines and feints charger.

SECOND PART.—*Maximum number of vessels in Distillery.*

There must not be kept in any distillery any vessel of the descriptions hereinafter mentioned in excess of the number hereinafter specified in that behalf—1 wash charger, 1 spirit receiver, 2 feints receivers, 2 low wines receivers, 2 low wines and feints chargers. In connection with each charger, one intermediate still charger.

But a distiller may keep two spirit receivers, if he affixes to each of them, to the satisfaction of the Commissioners, an apparatus for preventing the supply cock and the discharge cock being both open at the same time, and for registering the number of times each cock has been opened.

THIRD PART.—*Construction and connection of Vessels in Distillery. Fermenting back.*

1. There must be fixed in every fermenting back, to the satisfaction of the proper officer, a discharge cock or plug and plug-hole, through which the wash in the back may be conveyed by a main pipe or open trough into the jack back or wash charger.

2. This pipe or trough must be so placed and fixed that all wash or liquor put therein be forthwith discharged into the jack back or wash charger, and not elsewhere.

3. There may be placed in a fermenting back a close metal pipe for conveying through the back hot or cold air or water to promote or retard the fermentation of the wort or wash, but this pipe must not open into the back.

4. Except as aforesaid, and except the pipe for conveying wort into the fermenting back from the coolers, and a sewer cock or plug for carrying off the water wherewith the back is cleansed, there must not be any pipe or conveyance entering into or passing out of the back.

Wash Charger.

5. The wash charger must be of capacity not less than half that of the largest fermenting back.

6. It must be connected with the fermenting backs by one close metal pipe, with one end fixed into the pump placed in the jack back, or, if a jack back is not used, into the pipe or trough communicating with the fermenting backs, and the other end into the wash charger.

7. It must be connected with the wash stills by one close metal pipe, with a branch to each still, or to the intermediate still charger.

8. It may be connected with the feints receiver by means of a close pump or metal pipe.

9. There must be a cock on each of these connecting pipes.

Low Wines Receiver.

10. A low wines receiver must be connected with the safe at the end of the worm of the wash still by one close metal pipe, attached to and leading directly from the safe in such manner that all low wines running from the safe into the pipe shall immediately be discharged into the receiver, and must have fixed in it a pump or discharge cock for the conveyance of low wines into the low wines and feints charger.

Feints Receiver.

11. A feints receiver must be connected with the safe at the end of the worm of the still by one close metal pipe, attached to and leading directly from the safe, in such manner that all feints running from the safe into the pipe shall immediately be discharged into the receiver, and must have fixed in it a pump or discharge cock for the conveyance of feints into the low wines and feints charger, or wash charger, or intermediate still charger.

Low Wines and Feints Charger.

12. A low wines and feints charger must be connected with the still by a close metal pipe with a cock thereon, one end of the pipe being fixed into the bottom of the charger, and the other attached to the pump or to the still, and the charger must be connected with the low wines receiver and feints receiver by close metal pipes, whereof one end must be fixed into the charger, and the other end attached to the pump or discharge cock fixed in each receiver.

Spirit Receiver.

13. A spirit receiver must be connected with the safe at the end of the worm of the still by one close metal pipe attached to and leading directly from the safe in such manner that all spirits running from the safe into the pipe shall immediately be discharged into the receiver.

14. There must be fixed in it either a pump or a proper discharge cock for drawing off the spirits from it, and conveying the same through one close metal pipe into the entered cask or vat in the spirit store.

Spent Lees Receiver.

15. A spent lees receiver must be connected with the low wines still by one close metal pipe with a cock thereon fixed into the receiver, and attached to and leading directly from the discharge cock of the still. In the bottom of the receiver there must be a discharge hole with a secure internal plug. At not more than one-third of its depth from the top there must be an opening covered and secured by a metal plate perforated with holes of not more than four-tenths of an inch in diameter.

Intermediate Still Charger.

16. An intermediate still charger must have one fixed pipe with a cock thereon leading from the wash charger or low wines and feints charger, one fixed discharge pipe with a cock thereon leading to the still, and may have one pipe with a cock thereon leading from the feints receiver, and one pipe leading from the water cistern.

Store Casks or Vats.

17. Every store cask or vat must be a close covered vessel and must be secured with fastenings to the satisfaction of the proper officer.

General.

18. Every wash charger, low wines receiver, feints receiver, low wines and feints charger, spirit receiver, spent lees receiver, and intermediate still charger, must be a close covered vessel, and, except as above specified, must not have any opening or communication with any other vessel or utensil.

FOURTH PART.—Construction and Fittings of Still.

1. In every still there must be an opening to enable an officer to take gauges and samples. This opening must be not less than two inches in diameter, and must be so contrived that the officer may take samples from the still with a phial drawn perpendicularly through it.

2. Proper fastenings must be provided for locking and securing this opening, and for securing the head of the still, the furnace door thereof, and any cock or valve on any pipe conveying steam into or about the still.

3. A still and its worm may have an air valve or conductor approved by the Commissioners.

4. The end of the worm must be enclosed and secured in a safe in the prescribed manner.

5. There must be fixed to every still a discharge cock not more than three feet distant from the body of the still, and firmly attached to the still by a close metal pipe. This discharge cock must be so placed as to be easily accessible to the officer.

6. If there is not a spent lees receiver, the discharge cock on a low wines still must be kept securely locked by the officer, except when opened by him on reasonable notice given by the distiller. Such notice must not be given more than once in six hours.

7. Except as permitted or required by this Act there must be no pipe leading directly or indirectly to or from a still, and no opening into or out of a still or the worm of a still.

FIFTH PART.—Spirit Receivers.

1. Every spirit receiver must be made, placed, and fixed to the satisfaction of the Commissioners.

2. It must be of a depth sufficient to admit of the gauge of spirits being taken of the depth of fifteen inches at least at the dipping hole.

3. It must be so filled with spirits that, at the time of gauging it for the purpose of charging duty, the depth of spirits is not less than fifteen inches.

* * * * *

5. Every distiller must, if so required by the Commissioners, erect and apply, at his own expense, any apparatus or machine which the Commissioners think proper for preventing the supply cock and the discharge cock of the spirit receiver being both open at the same time, and for registering the number of times each cock has been opened.

SIXTH PART.—Pipes, Cocks and Valves.

1. Every pipe used by the distiller must, unless used exclusively for the discharge of water and spent wash, be so fixed and placed as to be capable of being examined for the whole of its length.

2. The pipes must be painted and kept painted as follows :—

If for the conveyance of

Wort or wash	...	...	..	Red
Low wines or feints	...	...	...	Blue
Spirits	...	...	...	Black
Water	..	...	...	White

3. Every cock and valve kept or used by the distiller must be constructed in the prescribed or approved manner.

SEVENTH PART.—*Dipping Holes.*

1. At or near the top of every entered cask or vat for storing or keeping spirits on the premises of a distiller, there must be a dipping hole at which an officer may conveniently take his dip or gauge of the contents of the vessel.
2. A metal plate must be fixed at the dipping hole to secure it from being worn or altered.
3. Every charger and receiver must have a sufficient cover with a dipping hole cut in it of the prescribed form and size.
4. If the Commissioners so direct, there must be two or more dipping holes in the cover of any spirit receiver or store cask or vat used in a distillery, at such places in the cover as they direct.
5. Each dipping hole in a spirit receiver, low wines or feints receiver or charger, store cask or vat, must be secure and kept secured to the satisfaction of the officer.
6. No alteration must be made in the dipping hole or level of any vessel or utensil.

EIGHTH PART.—*Provision and situation of articles required or allowed.*

1. Every distiller must, at his own expense, and to the satisfaction of the Commissioners, provide, place, affix, and maintain each utensil and fitting allowed or required by this Act.
2. Every distiller must, to the satisfaction of the Commissioners, place and keep each vessel and utensil on his premises in a convenient situation, and so as to be easy of access to the officer.

NINTH PART.—*Casks.*

Every distiller must legibly cut, brand, or paint with oil colour on the outside of both the ends of every moveable cask used in his premises for keeping or delivering spirits, and keep so cut, branded, or painted his name, the name of the place where his stock is kept, and the number of gallons which the cask is capable of containing, and if that number is less than eighty, the quarter or quarters of a gallon of capacity above the number of entire gallons.

TENTH PART.—*Marking Utensils and Rooms.*

1. Every distiller must cause to be legibly painted with oil colour and must keep so painted, on some conspicuous part of every vessel or utensil intended to be used by him in his business, and of the outside of the door of every room and place wherein any part of his business is to be carried on or any spirits are to be kept, the name of the vessel, utensil, room, or place, according to the purpose for which it is intended.
2. Where more than one vessel, utensil, room or place is used for the same purpose, all such vessels, utensils, rooms or places must be marked by progressive numbers.

ELEVENTH PART.—*Course of Wash, Low Wines, Feints and Spirits.*

1. All wash must be fermented in the fermenting backs and thence conveyed directly into the wash charger, and thence into the still for distillation.
2. All low wines, feints and spirits running from the worm of the still must run thence directly into the safe at the end of the worm.
3. All low wines must be conveyed directly from the safe into the low wines receiver, and thence directly into the low wines and feints charger, and thence directly into the low wines still for re-distillation.
4. All spirits must be conveyed directly from the safe into the feints receiver or spirit receiver.
5. All spirits conveyed into the feints receiver must be conveyed thence directly into the low wines and feints charger or wash charger or intermediate still charger and thence directly into the still for re-distillation.
6. No spirits conveyed into the spirit receiver may be re-distilled or may be removed therefrom except into the distiller's spirit stores.
7. All spirits distilled in the distillery must, after the officer has taken an account of their quantity and strength, be forthwith conveyed through a close metal pipe from the spirit receiver into the store cask or vat in the spirit store.
8. Except after notice to or in the presence of an officer, access may not be had to the end of the worm of any still, or to any low wines, feints or spirits from the time of the extraction or distillation thereof in the still until they are taken account of by the officer in the proper receiver, or to any spirits in a store cask or vat.

(d) Reports of Analyses of Gur made from Mahua.

Extract of a Report from Mr. D. Hooper, F.C.S., F.L.S., Curator of the Indian Museum, Industrial Section, Calcutta, on the analysis of a sample of gur obtained by boiling down the juice of the flower of the mahua tree (Bassia latifolia).

Chemical analysis revealed the following composition of the saccharine extract :—

Water	...	...	...	...	...	3.55
Sucrose	...	...	...	...	...	4.90
Invert sugar	...	...	...	...	...	70.34
Organic acid	...	...	...	...	...	3.07
Albuminoids	...	...	...	...	...	2.81
Undetermined gum, etc.	...	...	...	...	...	13.25
Ash	..	...	...	..	...	2.08
						100.00

The chief constituent is an uncrystallisable sugar or glucose, while the crystallisable sugar amounts to nearly 5 per cent. This extract differs materially from the *gur* of sugar-cane, which yields from 66 to 81 per cent. of cane sugar and from 5 to 9 per cent. of glucose. The proportion of cane sugar or sucrose in the *mahua* flower extract is therefore too low to permit of its being employed for sugar refining.

It is interesting to note in this connection that an attempt was made in 1836 to separate the sugar from this source. In a letter to the Secretary of the Agricultural and Horticultural Society ("Transactions," Vol. III, p. 175) Mr. D. T. McLeod reported that he thought it possible to obtain sugar from the flowers, but, after applying suitable methods, he found that all his efforts to obtain anything like crystallisation were in vain. Mr. McLeod observed that the ordinary price of the dried flowers was from 1 to 2½ to 3 rupees the *khandi* (about 4 maunds), but, 1836 being a particularly favourable year, its price was as low as 2½ to 3 *khandis* for the rupee. In the light of these facts it would seem that the cost of evaporating the juice would give the resulting *gur* a higher price than would be desirable, and the extract might not have better keeping properties than the dried flowers, which are known to remain for as long as two years without decomposing or becoming maggot-eaten.

Copy of a Letter No. $\frac{321}{C}$, dated the 17th May 1904, from Messrs. Carew & Co., Rosa Sugar Works, Shahjahanpur, to C. G. Todhunter, Esq., I.C.S., President, Excise Committee, C. P. and Berar.

With reference to your No. 179 of 9th instant and the sample of *mahua gur*, which we have now examined, we have the honour to state that we find this contains the larger part of its sugar in the form of "reducing sugar" and only 20 per cent. sucrose, in consequence, as has already been ascertained, it is useless for refining purposes.

This material for preparing spirit, did we use *mahua*, would be worth here, delivered free of all charges, about Rs. 2-8-0 per maund

Copy of a Letter from Messrs. Parry & Co., Madras, Managing Agents, the East India Distilleries and Sugar Factories Ltd., dated Nellikuppam Laboratory, 6th July 1904.

The manufacture of *jaggery* from the juice of the *mahua* flowers was not at all a success, and I very much doubt if it is possible to make a *jaggery*, suitable for refining purposes, from this material, for the sugar obtained undergoes decomposition when boiled with lime. Not only is grape sugar formed, but also a considerable quantity of non-saccharine matters, as the analysis given below clearly denotes.

169 lbs. 4 oz. of flowers were steeped in hot water for 44 hours. The flowers were then carefully pressed, and the juice obtained in this way was boiled into *jaggery*, yield obtained being 32 lbs. 12 oz. The water in which the flowers had been soaked was also boiled, and this yielded 49 lbs. 2 oz. of *jaggery*, or altogether 48.37 per cent. of *jaggery* was

obtained from the flowers. As the press used was not a very perfect specimen of its type, I think that by using a more suitable apparatus the yield might be increased 1 or 2 per cent.

About half an hour after the hot water had been poured over the flowers the liquid was found to be slightly acid, and, to prevent fermentation setting in, an excess of lime water was added. This operation had to be repeated several times during the 44 hours that the soaking lasted, and on every occasion the mixture of flowers and water was well stirred. After having expressed the juice from the flowers as above mentioned, the juice was found to be acid, as also the water drained from the flowers prior to pressing. Consequently more lime was added, and the juices were then strained through a cloth (in order to retain portions of flowers and undissolved lime) and then boiled.

Under this process the juice again turned acid, and more lime was added, and the juices boiled down to *jaggery*, of which I send up two samples.

While an analysis of the juice was being made in order to compare it with the analysis of the *jaggery*, and just after the cane sugar has been determined, the juice turned acid, and thus made further determination of no value. From this it may be gathered how very difficult this juice is to deal with.

The analyses given below are :—

- 1. *Jaggery* obtained from the water in which the flowers were soaked.
- 2. *Jaggery* obtained from the expressed juice of the flowers.

			1.	2.
			Per cent.	Per cent.
Cane sugar	...	...	7.92	7.66
Grape sugar	...	...	36.04	44.62
Ash (sol.)	...	...	7.75	7.84
Sand	...	...	Trace	Trace
Insoluble matter	...	...	2.28	6.02
Moisture	...	...	12.72	12.77
Other organic matter	...	...	33.29	21.09
			100.00	100.00
Cane sugar on solids in juice before boiling	...		74.20	70.98

Analysis of *jaggery* made from *mahua* flower in the Central Provinces boiled without lime :—

				Per cent.
Cane sugar	...	...	...	23.45*
Grape sugar	...	...	...	56.78
Ash (sol.)	...	...	...	2.42
Sand	...	...	...	Trace
Insoluble matter	...	...	...	1.55
Moisture	...	...	...	11.71
Other organic matter	...	...	...	4.09
				100.00

Analysis of sample of *jaggery* made from *mahua* flower (*mahua gur*) received from Messrs. Parry & Co., Madras, 18th June 1904.

				Per cent.
Cane sugar	...	...	...	8.80
Grape sugar	...	...	...	46.85
Ash (sol.)	...	...	...	3.13
Silica	...	...	...	Trace
Insoluble matter	...	...	...	0.74
Water	...	...	...	28.05
Other organic matter	...	...	...	12.43
				100.00
Nett	...	...	...	53.70
Nett on solids	...	...	...	75.41

Jaggery made from this flower is suitable for distillation.

(Sd.) E. R. LOGAN.

* Note.—This sample and the sample sent to Messrs. Carew & Co., were made from fresh flowers.

Part II.—*Tari* and Country Fermented Liquors.

- (a) *Extracts of Correspondence regarding the introduction of the Tree-tax System into Bengal, the United Provinces and Mysore.*
- (i) *Letter from E. N. Baker, Esq., C. S. I., Secretary to the Government of Bengal, to the Secretary to the Board of Revenue, L. P., No. 669T.—F., dated Darjeeling, the 18th June 1900, communicating the orders of the Lieutenant-Governor for the abandonment of the proposal to introduce the Tree-Tax system into Bengal.*

I am directed to acknowledge the receipt of your Letter No. 206B., dated 2nd March 1900, with which you submit the information called for in Mr. Collin's letter No. 11T.—F., dated 12th May 1899, regarding the area over which the experimental introduction of the tree-tax system has been made, the measures taken to enforce it, and the extent to which those measures have been successful.

2. The reports now submitted show, as the Board and the Excise Commissioner point out, that the Madras tree-tax system has never really been introduced at all in any district. What has been done is to fix a varying and arbitrary rate of tax for each palmyra and date tree scheduled; and at the annual settlement to set down an amount equal to the rate of tax multiplied by the number of trees as representing the tree-tax, while the remainder of the total *jama* was set down as the vend or shop fee. The aggregate *jama* was in reality fixed without any reference whatever to the number of trees scheduled, being settled, by haggling, with reference to the previous year's rent and the prospects of the ensuing season. No special establishments were employed to watch the trees, and the number of prosecutions for tapping unlicensed trees was insignificant. The *Pasis* had no difficulty in getting access to as many trees as the zamindars agreed to give them, whether scheduled or not. The trees were no doubt scheduled and marked, but this had no real significance. And, to all intents and purposes, no change was made in the former system, except on paper. It is clear therefore, as the Board and Excise Commissioner have observed, that no inferences whatever can be drawn from this experience as to consumption or revenue.

3. It appears to the Lieutenant-Governor that this result is what might have been expected. Under the law as it stands, the tapping of an unlicensed tree is not an offence if done by or on behalf of the owner, and cannot be interfered with. While that is the case, and especially in the absence of a strong preventive establishment, it is impossible to prevent the *Pasis* from obtaining as much *tari* as the tree-owners are willing to give them.

4. It is thus evident from experience that the proviso suggested in paragraph 16 of Mr. Risley's letter No. 792S.R., dated 3rd February 1897, which permitted the tapping of *tari* trees or drawing of *tari* for personal consumption or for manufacturing other liquor, or *goor*, molasses or bread, would be fatal to the scheme of levying a tree-tax. That scheme must then either be introduced without the proviso, or be abandoned altogether.

5. The objects of the scheme are two—*firstly* to develop the revenue from *tari*, and *secondly* to bring the trade in *tari* under control. With reference to the first of these, it was shown in paragraphs 12–16 of Mr. Risley's letter No. 792S.R., of the 3rd February 1897 (of which a copy was forwarded to the Board with Government Order No. 1342S.R., dated 26th February 1898), to be almost certain that the growth of revenue likely to be obtained from the introduction of the tree-tax system would be comparatively small and gradual. As already stated, no inference can be drawn from the experience of the 12 districts in which the Madras system has hitherto been supposed to be in force, because the essentials of that system were absent. But the officiating Excise Commissioner, Mr. Hare, who is well acquainted with the Patna Division, is not hopeful of any immediate expansion of revenue. In paragraphs 13 and 14 of his letter to the Board No. 352E., dated 3rd January 1900, he writes: "The general conclusion I come to is that the experiment in the tree-tax system did not produce any constant or invariable effect on the revenue, but the effect, such as it was, was generally unfavourable.....It cannot, however, be argued from all this that the Madras tree-tax system will affect revenue detrimentally, because, as I have repeatedly said, it has not yet been possible to try that system strictly. I think it probable, however, that when strictly enforced, the revenue will at first decrease." It appears, therefore, that the prospect of deriving an increased revenue from *tari* is too doubtful to be allowed any weight in considering whether the tree-tax system should be introduced.

6. There remains the question of bringing the administration of the *tari* revenue under stricter control. On this point the Lieutenant-Governor is unable to imagine any advantages likely to follow from such control which are in any way commensurate with the

evils inseparable from such a measure. *Tari* is admittedly one of the least noxious of the intoxicating liquors in general use in Bengal. Its ordinary strength is commonly about 95° u. p., and it may fairly be compared to the weakest description of *vin ordinaire*. It has been called the beer of the people of Bihar, and is one of their two chief luxuries, tobacco being the other. To interfere with it and to make the people, poor as they are, pay more for it than they do is not justifiable, except on the clearest grounds of necessity. On the other hand, the evils attendant on a system of strict control are patent and inevitable. Date and palmyra trees are found not only in the open country, but everywhere on homestead lands and within gardens. These also must be tapped only with a license and after they have been marked; and the officers of Government would have to enter upon these lands to see that the law had been complied with. From the table appended to paragraph 7 of Mr. Hare's report, it appears that in the restricted area within which the experiments have been tried over 250,000 trees have been scheduled and marked. Throughout the whole Province the number would probably not be less than ten times as great. And this takes no account of the far greater number of trees which are not scheduled or marked, but which would have to be watched, in order to prevent unlicensed tapping. The tree-owners, the *Pasis*, and the public, whether consumers or not, would be exposed to the exactions of a host of subordinate officials on small pay—apparently not less than 50 in each district—who must be employed if the system is to be properly worked, and whose constant intrusion, however strictly it may be sought to supervise them, must be a source of intolerable annoyance to all classes. In Bengal the total number of prosecutions for offences of all sorts against the Excise laws in 1898-99 was 3,830. In Madras, according to the report of Babu Abilash Chandra Mukerjee, the normal number considerably exceeds 30,000, or more than eight times as many in a population less than one-half that of Bengal. The Lieutenant-Governor would prefer to forego the prospect of a large increase of revenue (even if it were probable, which it is not) rather than open the door to such a condition of things in this Province.

7. For these reasons the Lieutenant-Governor is satisfied that the advantages, whether of revenue or control, that might possibly be obtained by the introduction of the Madras system are far outweighed by the objections which are inseparable from it. He has therefore resolved to abandon the proposal to introduce the tree-tax system, and the clauses which provide for it must therefore be struck out of the Excise Bill. The Board are aware that the legalization of this system formed the chief ground for undertaking the revision of the Excise Law of Bengal, and now that it has been decided to abandon the tree-tax, the question arises whether it is worth while to proceed with the Bill. This is a matter on which the Lieutenant-Governor would wish to be favoured with the views of the Board. The other matters with which the Bill proposed to deal included the better regulation of *ganja* warehouses, the removal of the defect in the law as to medicated liquor, the matter brought to light in Atal Bihari Shaw's case, the legalization of differential rates of duty, the export of exciseable articles, and the use of imprisonment in lieu of or in addition to fine on first convictions. None of these seems to be of very great or pressing importance, and it is probable that they might, without serious inconvenience, be deferred until the revision of the law is called for on more material grounds. If, however, the Board should be of opinion that this course cannot be conveniently adopted, and that immediate legislation should be resorted to, it is probable that it should take the form of a mere amendment of the existing law, and not of a repealing and re-enacting measure.

(ii) *Note on the trial of the Tree-Tax system in the United Provinces,*
by A. B. Bruce, Esq., I.C.S., Excise Commissioner.

So far as it is possible to judge from Mr. Holms' report on his Madras visit, the tree-tax system in relation to toddy with which we have experimented is identical with that known under the same name in Madras; that is to say, the revenue was derived from a fixed tax per tree tapped, combined with 'license fees' (vend rents) for individual shops determined by annual auctions. The only difference was that our system was less elaborate. For instance, no distinction was made between 'sweet' and unfermented toddy; a combined shop and tapping license was used: a rudimentary form of tree-marking was adopted: the special establishment consisted of peons only, controlled to some extent by the ordinary revenue establishment of patwaris, kanungos, &c. The system was introduced for the first time in the year 1900-1901 in the districts of Farrukhabad and Basti. In the former it was confined to toddy prepared from the palmyra palm (there are few date palms in this district), while in Basti it was applied to both kinds of palm. The rates of tree-tax were one rupee per tree in the case of the palmyra palm, and eight annas in the case of the date palm.

About the same time, and with a view to further extensions of the tree-tax, a system, which we have named the "shop to shop," was introduced in all districts in which the revenue from toddy was considerable. This system was merely the auctioning of each shop separately (including the right to tap anywhere), instead of selling groups of shops to farmers, as had been the practice in these Provinces formerly

I shall deal first with the financial results of the experiment. In the year 1899-1900 the revenue from toddy in Farrukhabad and Basti was Rs. 19,000. On the introduction of the tree-tax system in the following year, it rose to Rs. 29,000; for the year 1901-1902 it was Rs. 32,000. It appears, however, that the improvement was due more to the fact that the shops were settled separately than to the tree-tax. For, when the figures relating to the districts in which the "shop to shop" system was introduced are examined, it is found that they show a rate of progression which is very little behind that observed in the case of the districts of Farrukhabad and Basti. At the same time, it must not be forgotten that Excise revenue generally has shown a remarkable increase (Rs. 51,000, to Rs. 82,000) during the period in which the experiment was in force. In 1898-99 the total Excise revenue was 59.73 lakhs, in 1902-03 it was 85.63 lakhs. It cannot be denied, however, that the experiment gave satisfactory results financially, and if this were the only aspect of the matter deserving consideration, its continuance would have been justifiable.

The reasons which have led to its condemnation may now be indicated. The fundamental respect in which the conditions here differ from Madras is that the number of palm trees from which toddy can be extracted is relatively much smaller in these Provinces. In fact, it may be said that the palmyra palm is practically non-existent in all but ten districts. The date palm is commoner, but it is only in the damp eastern districts that it yields a sufficiency of sap. According to Mr. Holms' estimate, there are 22 lakhs of toddy-yielding palms in Madras, against only $\frac{3}{4}$ of a lakh in these Provinces. Now, it seems to be an essential condition of the success of the tree-tax system that the number of trees *accessible to each shop* and the *number of their owners*, should be sufficiently great to preclude any exorbitant rise in the *owners' fee* for tapping. The system is professedly based on the analogy of the fixed duty system in relation to other intoxicants, but to complete the analogy, it is obvious that, in relation to the producing agent, there must be either a 'free supply,' or means of controlling that supply. As I have said, the actual number of trees here is not great; the supply is in practice further curtailed by the fact that under the zamindari system obtaining in these Provinces, the number of owners is still smaller. The result was (even in Basti and Farrukhabad, where the number of trees is great) that, on the introduction of the 'shop to shop' system, the tree owners immediately raised the tapping fee, and inasmuch as the shop-keeper was unable, from the necessities of the case, to arrange for his trees until after he had made his contract to Government for the license fees, he had either to submit to the terms of the owner, however extortionate they might be, or to invoke the aid of the authorities.* The existing law does not provide for the settlement of such disputes; the tapping fees are not subject to the tenancy laws, so that the disposal of these disputes was often effected by the use of irregular methods of compulsion. This, then, was the principal reason which led to the experiment being abandoned; but the decision was also influenced by other arguments. It was strongly urged by the Collectors of Farrukhabad and Basti that the entertainment of the special staff involved a considerable harassment of the people. That the system provides opportunities for fraud and oppression is obvious. The only remedy would be the exercise of unceasing vigilance by a staff of peripatetic inspectors, the number of whom so far sanctioned in these Provinces is woefully deficient. Lastly, the 'shop to shop' system generally has the disadvantage that the retail trade is in the hands of the lowest classes of the community, who are generally unable to furnish any security for the payment of the shop rents, and who possess no property against which proceedings can be taken in the event of default. It has, consequently, been necessary to remit large irrecoverable balances in several districts. The aggregate so remitted during the last three years was Rs. 8,142, the average demand being Rs. 1,12,910.

In these circumstances, it has been decided that the financial gain which might result from the extension of the experiment is outweighed by the administrative difficulties with which it is necessarily surrounded. The "shop to shop" system also shares the same fate, but it will be held in reserve as a weapon to be used, as occasion may require, should the ordinary farming system fail to maintain the revenue at an adequate level.

(iii) *Memorandum by Mr. P. N. Purnaiya, Excise Commissioner, Mysore, on the Tree Tax system of the administration of Toddy Revenue in the Mysore State, dated Bangalore, the 9th May 1904.*

1. In the early years of British rule in the Mysore Province, the monopoly of drawing toddy from trees in Government unoccupied lands with liberty to tap private trees, with their consent, and of vending the toddy, used to be disposed of by *Revenue Divisions*, and subsequently by *Districts*. Then with a view to place the Vend Farms within the means of small capitalists, the vend area was reduced from a whole district to a whole taluk.

2. Then in the year 1892-93, with a view to deal directly with the professional Edigars (toddy drawers) who deal in toddy and to thereby dispense with intermediaries, the vend areas were further reduced, and divided into the following classes of petty farms :—

* It should be added that under the farming system, since the contractor is not entirely dependent on the profits of a single shop, and is at liberty to select a new site, he can practically impose his own terms on the tree owners.

- (1) Aiyan Farms or direct supply farms.
- (2) Aiyan Kumki Farms or direct supply farms aiding other farms in regard to the supply of toddy.
- (3) Angadys or independent shop farms.
- (4) Farms of alienated villages.
- (5) Independent Grove farms.

Under farms (1) and (2) both the right of vending toddy in the shops belonging to them and the right of drawing toddy in the Government date groves assigned to them, were leased, the licensees of farms (2) being permitted to sell their toddy to those of "Angadys" or independent shops (3). Under farms (3), only the right of vending toddy in the shops was leased, no date groves being assigned to them. Under farms (4) both the shops, and groves, if any, belonging to alienated villages were separately sold and accounted for. Under farms (5) the right of drawing toddy in the groves not assigned to any "Aiyan Farms" or "Aiyan Kumki Farms" was separately sold, such independent groves being required mainly for the supply of toddy to Angadys or independent shops.

3. Under the above vend rent system the lessees could tap as many trees as they liked, and also over-work them, and they could also tap unfit trees which yielded the least quantity of toddy. As there were no restrictions to the number of trees and the kind of trees they had to tap, they did not confine themselves to draw toddy just enough to meet the legitimate demand of the consumers in shops, but they manufactured it excessively, and sold it for nominal prices at the foot of tapped trees, fed cattle with it, and thus wasted it in all sorts of ways. Within five years of the introduction of the above vend rent system the evil effects of it became manifest, in that several taluks were totally denuded of date trees, and the groves in the remaining taluks seriously declined. Thus it was found impossible, not only to control toddy consumption and regulate its taxation, but also to protect date trees on which the important item of State Toddy Revenue mainly depends, from destruction by over-working, improperly tapping or over-tapping. Under such circumstances it was found necessary to introduce the tree-tax system, which was ascertained to be working successfully in the Madras Presidency. But as the particulars of the number of trees tapped on account of each of the above various classes of farms were not known, both the Excise Department and the parties concerned were in ignorance as to what portion of the rent of the aforesaid Farms (1) and (2) represented shop rent, and what portion duty on toddy; so therefore if the tree-tax system had been introduced, the intending bidders would have been in the dark as to what amounts should be reasonably bid for the independent shops. Consequently a preliminary form of the tree-tax system was introduced in the year 1897-98. The features thereof were as per particulars below:—

- (1) The Farmers of 1896-97 were allowed to continue to hold their farms for 1897-98 on condition of their agreeing to pay for the latter year the gross rent they had agreed to pay for the former year, such rent being composed of the following two items:—

- (a) Tree-tax at the marginal rates for the toddy-yielding trees tapped by the farmers for the supply of toddy required for *bonâ-fide* consumption in their shops; and
- (b) shop rent being the difference, if any, between the total amount of farm rent and the tree-tax for the year.

Kind of trees.	Tree-tax per tree per annum including local cess.		
	Ks.	a.	p.
Date	...	...	...
Cocanut	...	...	...
Palmyra	...	...	...
Bagani	...	...	...
Dadsal	...	...	...

- (2) If the tree-tax payable on the trees tapped, exceeded the gross farm rent of 1896-97, they were bound to pay such excess; and
- (3) If any of the farmers of 1896-97 declined to accept their farms on the above terms, they were sold by public auction on condition that the amount of bid should be paid on the terms referred to in clause (1) above.
- (4) The farmers of 1897-98 had to apply for the trees required for each shop and to get them duly marked and licensed by Excise officers, before they tapped them.
- (5) The independent "Grove Farms" were abolished. Thus at the close of the year 1897-98, the farmers, as well as the Excise Department, gained a fair knowledge of the value of each shop or block of shops.

4. Accordingly from the beginning of the year 1898-99, the tree-tax system of the administration of toddy revenue was introduced in its entirety. Under this system the "Aiyan Farms," "Aiyan Kumki Farms" and independent "Grove Farms" referred to above, have ceased to exist, as the right of drawing toddy in the groves assigned to the shops or blocks of shops is not leased along with the right of vending toddy in the shops or blocks of shops, and as the independent "Grove Farms" are abolished. Only the "Angadys" or independent shops both in Government and alienated villages are continued. In taluks where date groves are within easy distances from shops, the right of vending toddy in each individual shop is separately sold every year; but wherever the groves are not within easy reach of shops, they cannot be taken up and worked individually by small capitalists. In such localities, *viz.*, Bangalore City, Devanahalli Taluk, T. Narsipur Taluk, Shimoga Taluk, etc., the shops are grouped or blocked and sold. These blocks are purchased by large capitalists, who can afford to bear the heavy cost of carriage, etc., to bring

toddy from long distances where date trees are available. The important terms and conditions on which the shops or groups of shops are sold are the following :—

- (1) The licensees thereof shall pay the purchase money or rent of the shops in equal monthly instalments commencing from the 1st July of the year concerned ;
- (2) They shall draw toddy from the Government trees assigned to them, and are at liberty to draw toddy from private trees with the consent of the owners, paying such tree rent as may be agreed to between them ;
- (3) They shall not draw toddy from any tree without a tapping license therefor to be obtained on payment of tree-tax at the following rates :—

Kind of trees.	Tree-tax including local cess per tree per annum.		
	Rs.	a.	p.
Date	...	...	...
Cocoannt	...	...	...
Bagani	...	...	...
Palmyra	...	...	...
Dadsal (<i>Arenga Wightii</i>)	...	...	...

- (4) In addition to tree-tax as above, tree rent at annas four per tree per annum, with local cess thereon, shall be paid for Government trees tapped by them, the amount being credited to the respective Departments to which the trees belong, and for private trees the tree rent to be paid is at such rate as may be agreed to between them and the owner ;
- (5) The tree-tax shall be paid as follows :—

Period within which tapping license is applied for.	Proportion of tree-tax to be paid at the time of application for tapping license.	Proportion of tree-tax to be paid before the end of the month following.
Between 1st July and 30th April.	One-third	The remaining two-thirds. But if the number of date, cocoanut, and palmyra trees applied for be ten, or less than ten, and of bagani and dadsal trees be five or less than five, the whole amount of tree-tax payable thereon shall be paid with the appli- cation.
Between 1st May and 30th June.	The whole	

- (6) The toddy shall be sold only in duly licensed shops, and there shall be no tree-foot sales or sales in the open ; nor shall toddy be disposed of in any manner unauthorized by the rules ;
- (7) Trees shall be tapped only by professional men ; trees tapped one year shall not ordinarily be tapped in the next year ; they shall not be over-tapped or over-worked ; in no date tree shall the initial incision be made at any point less than three feet from the ground, except in places where permission is specially given ;
- (8) No date tree shall be cut to a greater depth than one-third of its diameter, and every fresh incision shall not be less than one foot above the last incision, except in localities where permission is specially given ;
- (9) No less than eight leaves should be left on each tree, and they shall not cut or injure or permit to be cut or injured the trees, licensed to them, or any other trees ;

- (10) Coffee planters will get *free* tapping licenses to tap trees on their estate for toddy required for *bond-fide* domestic purposes, such as making of bread, but not for consumption, and they will get special shops for fixed amounts not less than Rs. 12 per shop, for the benefit of the coolies working on the estates ;
- (11) The kan-holders have the privilege of drawing toddy from the trees in their kans only for the use of the members of their family, but not for sale, or for use of their servants or other employés.

5. As a consequence of the introduction of the tree-tax system, an arrangement has been arrived at with the Madras Government, under which the tree-tax on toddy produced by the trees in the Madras Presidency, but consumed in the Mysore State, is credited to the Mysore Government and *vice versa*, the rate of tree-tax paid in such cases being highest in force on either side of the frontier. This arrangement was called for by the fact that in the frontiers in certain localities, shops depend for their supplies of toddy on toddy-yielding trees beyond the borders. Before the introduction of the tree-tax system, frontier vend farmers on either side had permission to import or export toddy across. The principle of this arrangement has also been adopted in regard to the supply of toddy to the shops in the Civil and Military station of Bangalore.

6. The items of revenue derived under the tree-tax system are, as stated in the above paras, the following :—

- (1) Shop rent.
- (2) Tree-tax.
- (3) Tree-rent.
- (4) Penalties and forfeitures.

Shop rent is the fee for the license granted for vending toddy under Section 15 of the Excise Regulations, such fee being determined by the result of the auction sale.

Tree-Tax is the duty levied on toddy drawn or manufactured from each tree licensed under Section 12 of the Excise Regulations.

Tree Rent is the price paid to the owners of the trees for having allowed them to be tapped. For private trees the licensee pays it at the rate agreed to between himself and the owner and for Government trees at annas four per tree with local cess thereon to the Government or Department to which the trees belong. For instance, the licensees of the shops in the Civil and Military station pay tree-tax to British Government and tree-rent to the Mysore Durbar for the trees tapped by them in the Kankanhalli Taluk of the Mysore State.

7. To ensure the successful working of the above system, three things are necessary and all-important. They are—

1. The prevention of any delay in marking and licensing the trees on the part of the officials who are entrusted with the same.
2. The effective supervision of the operations of each tapman, vendor of toddy and all others connected with the trade, so as to ensure that unlicensed trees are not being tapped, and that no other malpractices are committed.
3. Adequate establishment with sufficient pay and encouragement so as to serve as an incentive to the members thereof to keep above temptation and to work with honesty, zeal and interest.

8. The advantages of the tree-tax system over the farming system which it superseded are the following :—

- (1) The taxation of toddy is regulated with reference to its consumption. The average yield of date trees is ascertained to be two seers per day. They are tapped ordinarily for not more than three months, and only on alternate days so that the out-turn of each date tree during a year is 90 seers (imperial quarts). The average price of toddy being 9 pies per seer, the realizations from 90 seers would be Rs. 4-3-6, which is the average income per tree. From this sum the licensee has to pay on an average Rs. 1-8-0 as shop rent, Rs. 1-1-0 as tree-tax to Government, and 0-4-3 as tree-rent, so that the margin of gross profit left for him is Rs. 1-6-3.
- (2) Each tree being taxed, the licensee selects only such trees as would yield the largest out-turn, and limits his applications for trees to the *actual* requirements of his shops. Accordingly the indiscriminate tapping of trees and wastage of toddy which used to be carried on under the farming system are stopped.
- (3) The trees are protected from destruction by over-taping, over-working and improper or irregular tapping which used to be carried on under the farming system.
- (4) The value of each shop is ascertained.
- (5) The intermediaries being dispensed with to a great extent, the Government derives their profits by dealing directly with the professional men, whose status in life is thus improved.
- (6) The revenue has expanded (*vide* statement appended) and is capable of further development by a sufficient establishment efficiently putting down malpractices.
- (7) By the introduction of tree-rent, the private owners of date trees are enabled to derive a revenue from them and are interested in preserving them.

- (8) The following statement shows at a glance the comparison of revenue under the tree-tax system for the first period of five years from its introduction with the period of five years immediately preceding it.

Toddy Revenue during the 5 years previous to the introduction of the Tree-tax system.		Toddy Revenue during the 5 years subsequent to the introduction of the Tree-tax system.	
Years.	Amounts. Rs.	Years.	Amounts. Rs.
1893-94	14,44,738	1898-99	13,31,720
1894-95	14,63,970	1899-00	16,40,273
1895-96	15,42,621	1900-01	18,21,485
1896-97	15,28,021	1901-02	17,06,342
1897-98	14,69,858	1902-03	17,38,561

- (9) There can be no doubt that the system is the best that could be devised for regulating consumption, for taxing on consumption, and removing all speculative element inseparable from farming out large areas only for revenue purposes. But it requires minute inspection and constant vigilance. Personally I am quite in its favour.

(b) *Composition of country Fermented Liquors.*

Copy of a Letter from I. Henry Burkill, Esq., M.A., Acting Superintendent, Indian Museum, Industrial Section, to the President, Excise Committee, Central Provinces and Berar, No. XXIV⁵¹, dated Calcutta, the 14th May 1904, reporting the results of the analyses of certain samples of country fermented liquors.

With reference to your letters of the 17th February and the 29th April, I have the honour to send you the analyses of three samples of country beer prepared in the Central Provinces. Sample No. 1 "*pachwai*" received February 9th. Sample No. 2 "*sugda*" received May 4th. Sample No. 3 "*pachwai*" drawn 6th May; received and analysed on the 11th. Mr. Hooper, who analysed the specimens, reports as follows :—

		1	2	3
Specific gravity	...	1'001	1'037	1'002
Absolute alcohol by weight...	...	5'13	6'20	4'0
Proof spirit	...	11'00	13'54	8'77
Total acidity	...	'42	'59	'75
Permanent acidity	...	'32	'47	'52
Total solids	...	2'13	11'80	1'93

Compared with ordinary malt beers the amount of alcohol is normal, and the *sugda* liquor is equal in strength to Bass's Pale Ale. The total extract of the *pachwai* sample is very low, and that of the *sugda* is over the average. The peculiarity of these liquors is the large amount of permanent acidity due to the presence of succinic and lactic acid. The first sample of *pachwai* had been treated with salicylic acid, and this evidently had the effect of reducing the action of lactic fermentation. The sample received this week was excessively acid, doubtless at the expense of the alcohol, and partly due to the fermentation continuing during the five days between the date of its despatch and the date of its examination. With reference to the last two consignments, some of the bottles arrived empty, and only one of the bottles of *Sugda* out of five and five out of the eight bottles of *pachwai* were intact. This was on account of the active state of decomposition of the contents, and the impurities present rendered it impracticable to examine the liquor for fusel oil, aldehydes and furfurol.

Part III.—Law.

Note on the proposed amendment of Act XII of 1896.

The reference from the Government of India, *viz.*, whether the necessity for early legislation to amend Act XII of 1896 is established, may be answered at once in the affirmative so far as this Province is concerned, since the Chief Commissioner, in view of the extreme difficulty of introducing any improved system under it, has already given orders for the preparation of the draft of a local Act to replace it. The detailed consideration of the sections which follows will show that there is scarcely one of them that does not need amendment for one reason or another.

2. The question is whether amendment will be sufficient, and, with this in view, it may be well to precede the detailed consideration of the sections by some general considerations of the differences between the two groups of Excise enactments at present in force in India, *viz.*, the Bombay-Madras group, which owe their origin to Bombay Act V of 1878, and the Bengal and general group, which are derived from Bengal Act XXI of 1856.

3. The most striking feature of the former, to quote a note drawn up at the time the Madras Act was under consideration, is "the permissive character of the enactment: the Act requires that manufacture, possession and sale of exciseable articles shall be covered by license granted by due authority, but, speaking generally, it may be said that in other respects it merely indicates the broad lines on which the Excise administration is to be conducted, and the nature of the control which may be exercised, leaving points of detail to be determined by rules framed under the Act which have the force of law. This elasticity is of great value as it enables the Government to deal with varying circumstances without necessitating frequent recourse to the legislature to amend the law, and leaves the Government free to make control more stringent or relax it by applying the provisions of the Act as may appear desirable with reference to the requirements of different localities or the necessity of restricting the traffic in different descriptions of exciseable articles." It is hardly necessary to cite instances in proof of this position, but one prominent one may be noted *viz.*, that Madras, though its hemp drugs administration was found to be among the most backward by the Hemp Drugs Commission, is the only Province that has been able to adopt the Commission's recommendations without finding the necessity for a change in the law.

4. The leading characteristic of the second group of enactments as represented by Act XII of 1896 is the exact reverse. Bengal Act XXI of 1856 gave a legal sanction to the Sadar Distillery system, which has been long since condemned, in its most primitive form. Though it has been three times recast, its liquor and general conditions have remained practically unaltered. Act X of 1871 simply applied it, with some re-arrangement, to the new Provinces; Act XXII of 1881 got rid of the conditions relating to opium, which had been separately dealt with in Act I of 1878; and Act XII of 1896 added a chapter on hemp drugs. In the course of these changes the liquor and general conditions have been curtailed in several instances where they were found unworkable, the provision for the appointment of a special Excise Commissioner or Commissioners being cut out among others, but no constructive additions have been made, and Act XII of 1896 reproduces the conditions of half a century ago with some loss of elasticity through the reductions.

5. While the provisions of the law have thus remained practically unchanged, the systems of Excise administration have made enormous advances. As a consequence, arrangements which are now universally accepted as desirable can only be given effect to, as the United Provinces Government has pointed out, by means of devices to several of which the suspicion of illegality attaches. Even where this is absent, the law and practice are so diverse as to be misleading to a degree.

6. To take two prominent instances, Excise administration is now controlled, in all the most important Provinces under the Act, by an Excise Commissioner with a more or less specialized staff, and the arrangements for liquor supply are being increasingly concentrated in large distilleries served by bonded-warehouses, supplying specified areas at varying rates of duty. The Act sanctions neither arrangement. If the Excise Commissioner can be legally created a Commissioner of Revenue for a whole Province, which is doubtful, he can only be given power to appoint his own subordinates by making him a Collector of every district as well; and though the Collector has some powers within his district, the Government has none to establish bonded-warehouses or to permit sales subject to a given rate of duty in a given local area or to protect the same by the prohibition of transport from elsewhere.

7. To give these powers to the seven different Administrations that come under the Act with their very various systems of control a great measure of elasticity is necessary, and that, it is respectfully submitted, it is impossible to give by any amendment of Act XII of 1896 short of complete repeal. The amendments now proposed in the two instances above cited still leave the Excise Commissioner unrecognized and the system of free competition in the supply of spirit subject to the payment of the local rate of duty, which is now in force in the United Provinces, unprovided for.

8. While elasticity in its general provisions is thus the first need of Act XII of 1896, here is one special one in which, as the Chief Commissioner has already remarked in reply

to another reference, the excess of it has led to most undesirable results. This is in respect of the distinction between "country" and "foreign" liquor. In this respect the two groups of enactments above referred to both start from the same base, *viz.*, the arrangement of fifty years ago, under which liquor distilled after the English methods (which doubtless at the time was totally distinct from any native product) was treated like foreign liquor and only spirit made by the primitive native process was treated as country spirit. As the native process ceased to be primitive and owners of improved plant began to secure a share in the supply of country spirit shops, the distinction ceased to exist, and one can only be drawn now between actual imitations of imported liquors and the plain spirit which is issued to country liquor shops. But the developments in the law have not kept pace with those in the methods of distillation. Instead, the provisions of the old Act regarding distillation after the English method have been continually whittled away till Section 5 of Act XII of 1896 is all that remains of them, and the definition of "country" and "foreign" liquor has been left to Local Governments, with the result that the distillers of the cheapest and purest liquor are greatly restricted in their market, their liquor is "country spirit" in one Province and "foreign liquor" in another, and subjected to varying rates of taxation, and smuggling of it between Provinces is rendered almost inevitable. The Chief Commissioner has in a recent reference laid stress on the necessity for restoring a sharp distinction, for which the proposed amendment of the Act seems to give the opportunity.

9. One other general matter deserving attention is that of the making of rules under the Act. The sections that permit of rule-making are so scattered that it is impossible to frame a coherent set of rules on any general subject. It is now proposed to extend them so as to give an express legal sanction to certain license conditions. This is a tendency that offers a prospect of indefinite future legislation, since every new special provision will increase the court's hesitation in accepting any rule as coming under the general permissive clause. Already the Bengal Bill presents no less than forty-two different clauses under which rules can be made. It is submitted that the policy should be not to extend these, but to reduce them to ten or twelve of as general a nature as is consistent with giving the rules the force of law.

10. For further comments reference is invited to the notes contained in the statement attached. These make no pretence to legal accuracy of wording nor to deal completely with the defects in the existing Act, but will, it is believed, be sufficient to show that there is scarcely a section of it as it stands that is not open to criticism in detail. On this ground therefore, as well as on the general ground stated above, a complete recasting of it seems to be necessary.

Section 1 (2).—This section has been recast to provide for administrative changes with increasing particularity of definition at every revision of the Act. These changes appear to have been in the wrong direction. Had the Act been defined as applicable to the whole of British India with the exception of the three older Provinces, the exclusion of Assam from its scope would have been the only change necessary up to date. Its application now to the whole of British India with the exception of Madras, Bombay, Bengal and Assam would appear to be preferable to the amendment suggested.

Section 2—May be repealed as proposed.

Section 3 (1) (a).—The proposed amendment follows that proposed for Section 1. Following the lines suggested above in the case of that section, it would seem simpler and more elastic to provide that the Chief Revenue Authority in each of the Provinces that come under the scope of the Act should be such officer as the Governor-General in Council shall from time to time appoint in that behalf.

Section 3 (1) (b) and (c).—It would be well to omit these definitions, and so give force to those of the General Clauses Act, and to provide for delegation of the powers of Collectors or Commissioners under the new Section 65-A. Provision is necessary for legalizing the appointment of the Excise Commissioner and his superior subordinates. It is hardly consistent with the provisions of the Act, for instance, when it specially provides that a Commissioner of Revenue can only discharge his duties "throughout any specified local area," to declare the Excise Commissioner to be a Commissioner of Revenue under Section 3 (1) (c) with jurisdiction over the whole Province, as is done in the United Provinces and the Central Provinces. The alternative position of leaving him without any legal powers at all, as in the Punjab, is equally anomalous.

Section 3 (1) (d).—The authorization of magistrates of particular classes to try Excise cases might well be left a matter for executive order in each Province.

Section 3 (1) (e).—A fuller definition of "import" seems to be desirable.

Section 3 (1) (f).—The definition of "place" might well be brought into conformity with that adopted in the Criminal Procedure Code.

Section 3 (1) (g) and (h).—*Fachwai* is a Bengal name for one of a large class of fermented liquors, *e.g.*, *sur* and *lugri* in the Punjab, *darbakra* and *boza* in the United Provinces, *hlawzaye*, *seinye* and *kaungye* in Burma, and *sugda* in the Central Provinces. The exclusion of the rest (unless included by special order) from the definition of fermented liquor and the inclusion of *tari* that has not perceptibly begun to ferment seem hardly logical. It would be better to define *tari* as the fermented or unfermented juice of any kind of palm tree and to include *tari* so defined with all liquids containing alcohol in a definition of "liquor," leaving exemptions to be dealt with under the section that gives powers in that behalf.

Section 3 (1) (i).—The necessity for specially declaring spirit though denaturalized to be included in the definition of “spirit” has not arisen in the Central Provinces. If the proposal made just above is accepted, it would be better to include methylated spirit specifically in the definition of “liquor.”

Section 3 (1) (j).—The proposed amendment is necessary. As the word “drug” is not defined, however, the wording of the definition in the Madras Act seems preferable.

Section 3 (1) (k).—If the above proposal is accepted, the further definition of the hemp plant seems to be unnecessary.

Section 3 (1) (l) and (m).—The definitions of “tola” and “seer” are explanatory of that of “retail sale.” If that is to be abolished, they are no longer necessary.

Section 3 (1) (n).—An amendment of this sub-section is desirable in the first place to make it clear that the essential thing limited is possession and not retail sale (the Act has no provision for punishment of sale by a retailer in quantities in excess of the limit), and in the second place, to give Local Governments the power of further restriction in frontier tracts where smuggling is rife, which appears to be the purpose of the similar amendment in the Bengal Bill, in the Statement of Objects and Reasons to which the limit of private possession is described as “a serious obstacle to the smuggler.” But an amendment with the object stated by the United Provinces Government, *viz.*, of relaxing the limit, involves a reversal of the policy of the last half century, the present limits being those of Section 35 of Bengal Act XXI of 1856. The grounds urged on behalf of such a change are that the restriction gives opportunity for petty and vexatious oppression on the part of village and other subordinate police; that it is constantly made a pretext for harassing *bonâ-fide* consumers of duty-paid liquor on the occasion of marriage parties and other social festivals, and that, while it has neither checked the manufacture and possession of illicit liquor nor the unlicensed sale of licit liquor, its most prominent result has been to stimulate the use of bad foreign spirit, of which twelve quart bottles may be purchased at a time. The above evils are not necessary consequences of the limit of possession, and may be removed without its alteration, *viz.*, by placing Excise control in the hands of a proper Excise establishment, by making liberal provision for the grant of special passes (the United Provinces rules on the subject are very strict), and by increasing the duties on cheap foreign spirit or taking other means to reduce the facilities for obtaining it. Whether the limitation has or has not tended to check illicit practices is a question needing thorough investigation. The opinion of those responsible for Excise administration in the Central Provinces is most decided that it has, and this opinion is supported by the uniform practice of a great majority of Local Governments. In Madras organized smuggling in quart bottles was, as will be seen from paragraph 3 of the Select Committee's third report, dated 9th December 1885, the origin of the power given under Section 9 of Madras Act I of 1886 to absolutely prohibit transport from one local area to another. On the other hand, it may be urged that a removal of the restriction will tend to drunkenness, a large reduction of vend fees and illicit sales, and will render frontier administration impracticable. And on the latter ground, if on no other, it would seem to be a matter to be dealt with by the Supreme Government and not left to the discretion of each local Chief Revenue Authority. It would be out of the question for a highly taxed Province to realize its revenue on the frontier if a lower taxed neighbour allowed any individual to carry six seers to the boundary, especially if, as in the case of the United Provinces, country liquor was issued to consumers at proof strength. In the cognate case of opium the Government of India has, as late as 1896, urged the adoption of a uniform limit as between Provinces (Finance and the Commerce Department letter No. 3386-S.R., dated the 10th August 1896). In the case of liquor, therefore, it is submitted that no reversal of policy should be made until the necessity for it is completely established, and that if any change is made, it should be made by the Supreme Government alone on a consideration of the conditions of all the Provinces concerned.

As an exceptional case, in backward tracts where the grant of passes under any circumstances is a real difficulty, it is suggested that the exempting section (Section 66 of the present Act) might perhaps be amplified so as to give Local Governments the power to extend the limit of possession in such areas, provided they do not border on other Provinces.

In addition to the definitions contained in the Act, definitions of the following appear to be necessary:—‘Excise revenue,’ ‘exciseable article,’ ‘manufacture,’ ‘rectification,’ ‘sale,’ ‘export,’ ‘transport’ and ‘beer.’

The definition of an ‘excise officer’ embodied in Section 33 might also be put forward into the interpretation section.

Proposed Section 3 (2).—The necessity for an authoritative definition of ‘country’ and ‘foreign’ liquors has been sufficiently urged in the preliminary remarks. If the arguments put forward are accepted, this section may be struck out and a clear definition substituted. The proposal to take power to declare imported methylated spirits to be country spirits seems likely to increase the existing difficulties. Power of controlling possession of this spirit would be better provided for by the substitution of the word ‘consumption’ for ‘use’ in Section 30 (2) (a).

Section 4.—May be amended as proposed. A saving of the Customs and Tariff Acts might be added, more particularly as the Act is applicable to Burma.

Section 5.—If the definitions of ‘tari’ and ‘fermented liquor’ are altered, this will also need amendment. The provisions regarding possession are too wide and yet not wide enough, since they cover stills that are not used for making intoxicants and do not cover other

things that are so used. The Bengal Bill avoids the latter part of the difficulty by adopting an inclusive definition of "still." The provision relating to construction is open to similar comment.

Section 6.—This section is intended to define the general distillery system to be adopted under the Act. The provisions, which are taken direct from Bengal Act XXI of 1856, are those which are necessary for working of the Sadar Distillery system in its crudest form, that is to say, the collection of a number of native pot stills in a Government enclosure for the supply of a radius of ten or twelve miles. The system has been absolutely condemned for reasons which it is not necessary here to enter into at length. It provides for the making of the worst possible liquor with a maximum of fraud: it is out of the question to parcel out districts into circles and to set a preventive line round each to stop imports of liquor into it, and without such a line it would equally be impossible to enforce the stringent provisions of the second part of the section. But the Act makes no direct provision for any other system except farming pure and simple. It is true that Section 5, which, as has been seen, is a relic of the original provisions relating to distillation on the English method, may be used to cover the licensing of distilleries for supply of country spirits, but no amount of straining of the provisions of the Act will justify the establishment of bonded-warehouses or give the Local Government the power which Section 6 gives the Collector of prohibiting transport from one area into another. Consequently the only advanced system that is possible is one of supply direct from distilleries at a uniform rate of duty for a whole Province. Further, the grant of power to Collectors, even under control, of rendering transport of liquor across an ill-defined line illegal is capable of working great hardship, especially if, as has happened, the limits so defined are liable to constant variation. The section makes no provision even for the notification of the limits so fixed. It is capable of being interpreted as applicable to the limits of each of a large number of out-still circles in the same district and has been so interpreted in one division of the Central Provinces. It is clear that the section needs radical alteration to adapt it to the systems of the present day. The amendments proposed seem scarcely to provide for this. The section as amended would still apparently not cover a system of supply by import of liquor from another Province through bonded-warehouses—certainly not if the other Province was not one of those dealt with in this Act nor one of competition for supply such as is now in force in the United Provinces. It would continue necessary for a Local Government desiring to introduce a rate of duty over a number of districts to do so by the cumbrous method of executive orders to Collectors to exercise their powers under this section. And the section would remain in other respects inelastic while its proper construction would be by no means obvious. The proper course would appear to be for the Local Government or Chief Revenue Authority to be given power to license or establish distilleries or warehouses, to fix rates of duty on country spirits locally produced or imported, and to prohibit by notification transport from one local area into another.

Section 7.—Is an adaptation of the old provision for levy of duty at the tariff rate on spirits distilled after the English method. It makes no provision for levy of duty after the method now in force in the United Kingdom, *viz.*, under Section 46 of the Spirits Act, 1880 (43 and 44 Victoria), unless Sub-section (c) is intended for the purpose, in which case it is insufficient. If it is intended simply to provide for the levy of a duty similar to that levied in the Central Provinces on the *mahua* used in distillation, it is not clear why the previous sanction of the Governor-General in Council is required. This provision has been disregarded in the Central Provinces for many years past.

The combination of this section with Section 3 (2) enables a Local Government to give local produce all the privileges of foreign liquor while levying a duty by no means equal to the tariff rate. Large imports of such liquor into Provinces where a higher rate of duty is in force are a consequence which it is practically impossible to check.

A proviso seems necessary to exempt issues on behalf of Government.

Section 8.—There seems no reason for allowing the levy of duty on beer at a rate less than the tariff rate. The present rate is so low that the limitation by it of the duty on country-made beer has resulted in Southern India in a cheap beer, which is innocent of malt and hops, becoming a serious competitor of country spirits and *tari*. Moreover, if varying rates are imposed in different Provinces, there is no machinery for levying the difference on the border. It would seem advisable to provide for the levy at all breweries of duty at the tariff rate for the time being in force and to omit specific reference to the Act of 1894, which has already been twice amended.

Sections 9, 10 and 11.—Power to make rules under Sections 9 and 10 is given to Chief Revenue Authorities subject to the confirmation of the Local Government in cases where the Chief Revenue Authority is not the Local Government. It would seem simpler to provide in the first instance that the Local Government should make the rules.

The inconvenience caused by the fact that the sections authorizing the making of rules are scattered throughout the Act has already been remarked on.

There are several omissions in these sections. For instance, there is nothing authorizing the making of rules governing the number of stills set up, the supervision of distillery operations or the establishment of warehouses, nor for prescribing the instruments and measures to be used in testing liquor or prohibiting the use of noxious materials.

Chapter III.—Was newly enacted in 1896, when steps were first taken to adequately control the administration of hemp drugs, then in a very unsettled state in many Provinces. Under the more settled conditions of the present day simpler legislation would suffice. The

adoption of general provisions of a more permissive or enabling character might avoid the necessity for special provisions relating to Burma.

Section 12.—Is unnecessarily elaborate. A prohibition on the lines of Section 5 of cultivation of the hemp plant, the collection of the spontaneous growth, and the import and transport of intoxicating drugs except under a license would apparently serve the purpose. But it should be noted that 'transport' is not defined in the Act and that power is needed to control exports, as is observed in the reference under reply. Also that the Hemp Drugs Commission regarded a Government monopoly as a possible alternative method of supply, which might well be made so under the Act. The adoption of this method of supply in the Central Provinces is under consideration.

Section 13.—Since the duties are subject to the previous sanction of the Governor-General in Council, their limitation is unnecessary. Moreover, the amendment of Section 3 (1) (j) will bring more noxious drugs than hemp drugs under the section. It might be desirable, for instance, to put a much higher rate of duty than Rs. 20 per seer on some noxious drug like cocaine that is less easy of control. The proposed amendment in respect of levy of duty on issues from bonded-warehouses would bring the Act into accord with existing practice.

Section 14.—The grant of power to a Local Government to establish warehouses on its own authority is desirable. In point of fact the tahsili warehouses, which have been a feature of the Central Provinces system for many years past, have only just received the formal sanction of the Governor-General in Council.

Section 15.—It is unnecessary to make the levy of warehouse dues compulsory, as the omission from Sub-section (1) of the words "(if any)" used in the preceding section and later on in the same section would appear to make it.

As has just been stated, warehouses are maintained at every tahsili in the Central Provinces, to which intoxicating drugs are issued in bond, but no dues are levied. The remaining provisions of this section would be better left to be dealt with by rules framed under the Act.

Section 16.—These provisions with the proposed amendment might similarly be left to be dealt with by rules framed by each Local Government to suit local conditions. It is by no means certain that intoxicating drugs become unfit for use after two years' storage, a fact which has been recognized in embodying the section in the Bengal Bill.

Section 17 and proposed amendment.—This gives a Collector in charge of a warehouse power under any conditions he pleases to permit transport to a warehouse under another Local Government, and might lead to undesirable complications. If such a power is to be given at all, it should either be given to the Chief Revenue Authority or to the Excise Commissioner, who is responsible for the maintenance of supplies and in a position to know the regulations of other Governments, or be provided for by rules to be framed by the Local Government. The Bengal Bill in adopting the section omits the reference to other Local Governments. The same Bill provides for the establishment of warehouses for intoxicating drugs in Bengal which would appear to render the amendment proposed to this section unnecessary.

Sections 19 and 20 and proposed amendments.—If Section 12 is reduced to a simple prohibition of doing the acts referred to, except under a license, provision may be made for dealing with the other matters mentioned in that section in rules framed under the Act.

With reference to the remarks made on Section 3 (1) (n) above it would seem desirable that the Supreme Government should retain control over the limit of possession in respect of hemp drugs as well as liquors.

Section 21 (b).—So long as the power of defining and taxing foreign liquor lies with Local Governments, this provision is liable to lead to complications. Sub-sections (c) and (d) are hardly necessary, since manufacture and cultivation are invariably licensed. A provision that a person having the right to the *tari* drawn from any tree may sell the same without a license to a person licensed to manufacture or sell *tari* might be added.

Section 22.—The provision for the establishment of warehouses under Section 32 (a) involves provision for the grant of licenses for the wholesale sale of country spirit. Provision is necessary for the taking of counterpart agreements and security, which are at present only provided for indirectly under Section 65. From paragraph 29 of the Statement of Objects and Reasons to the Bengal Bill it would appear that Sub-section (3) is scarcely equal to the needs of the present day.

Section 23.—The provisions of this section are taken with some slight alteration from Section 40 of Bengal Act XXI of 1856. The circumstances have entirely changed in the interim, and the provisions are much too restrictive for the present conditions of high auction fees. The section is capable of working great injustice or, in the alternative, of causing great reduction of license fees. A provision that any license or class of licenses may be made subject to cancellation or suspension at will with provision for compensation would be sufficient. The power would then only be used on special occasions and the licensees would have due warning before taking up their licenses.

Section 24.—This again is borrowed from Section 41 of Bengal Act XXI of 1856, and is equally inapplicable to present circumstances. It is often the most salutary method of correcting speculation at auctions to hold a speculator rigidly to his bargain, but this section gives any officer empowered as a Collector the power of letting him cancel it without penalty,

and that without consultation of the officer who is responsible for the Excise revenue. If the section is retained it should be modified, as in the Bengal Bill, so as to make the license fee for the whole period of the license due on surrender in the absence of special orders to the contrary.

Section 25.—Clause 1 (b) of this section was added by Act XXII of 1881 with the intention apparently of replacing the old provision under which a tax or duty was leviable on retail sale adjusted on such principles as might from time to time be fixed by the Chief Revenue Authority. Its wording is capable of improvement. As it stands it would seem to prohibit the farming of the right to manufacture country fermented liquor in a district or part of a district in which a distillery is established under Section 6. The section might also well make specific provision for the farming of the joint right of manufacture and vend, which is what is most commonly farmed under it.

Sections 26 and 27.—If Section 23 is amended as suggested, these provisions might well be embodied in the amended section. Section 26 omits a useful provision of Section 83 of Bengal Act XXI of 1856, empowering the imposition of new restrictions during the period of the lease.

Section 28.—Makes no provision for recoveries from sub-lessees of the right of manufacture or of manufacture and vend.

Section 29.—Renders impossible the introduction of the tree-tax system (which it is proposed to put on its trial in the Central Provinces) or other improved method of administering the *tari* revenue and makes no allowance for the licit supply of *tari* to bakers or distillers or persons requiring *tari* for home consumption, nor does it make any allowance for the regulation of supply of other fermented liquors.

Section 30.—This section, as read with Section 51, is clearly intended to cover transport as well as possession, and might well do so specifically. Provision for the licensing and control of bottling seems likely to be necessary as in Bengal, more particularly if a special rate of duty is placed on imported bottled liquors as proposed by the Chief Commissioner. The Act makes no provision for regulation of possession by licensees. Under this section a licensed vendor may possess the articles he is licensed to sell wherever he pleases, and this power gives an easy cover for illicit practices. Possession should be restricted "except in accordance with the conditions of a license granted under this Act." The Act gives further no power of control of foreign exciseable articles for special reasons similar to that given by Clause 20 of the Bengal Bill or the proviso to Section 10 of the Madras Act. Nor is there any provision corresponding to Clause 21 of the Bengal Bill and Section 58 of the Madras Act prohibiting possession of an exciseable article on which duty has not been paid. Nor is the provision of the Penal Code that possession by a wife, clerk or servant shall be deemed to be the possession by the husband or master extended to exciseable articles.

The use of the word 'officer' involves an unnecessary restriction of the power of the Local Government in respect of the grant of special passes. It is found desirable in some areas to empower shop-keepers to grant them in cases of urgency. On the other hand, as has already been pointed out, the substitution of the word 'consumption' for the word 'use' in Sub-section 2 (a) would avoid the necessity for declaring imported methylated spirit to be 'country' spirit.

Section 31.—This section was introduced under an amendment of Act XXII of 1881. As read with the Act as it now stands, it would appear to allow the free admission of spirit made in Native States at the country spirit rate of duty. The concession seems to be unnecessary. It would be preferable to return to the old provision that all liquors imported should pay the tariff rate of duty and be treated as 'foreign' liquors and add a proviso for special exemption. Under such an arrangement Kashmir wines and spirits would pay the tariff rate of duty and be freed from the elaborate procedure now imposed upon them, and exceptional imports, as for instance those of *tari* from Hyderabad and Mysore into Madras, would be provided for by special exemptions.

Section 32.—Under the arrangement proposed above this section would be unnecessary.

There is no provision for the levy of duty on importation from other parts of British India such as is contained in Section 23 of the Bengal Bill. This is very necessary under the present conditions of the trade in Shahjahanpur rum.

Proposed Section 32-A.—The provisions suggested are undoubtedly necessary, but seem to merit more prominent and detailed treatment. The establishment of bonded warehouses would more properly be dealt with in Chapter II as proposed by the United Provinces Government; the provisions for import and export between Provinces, which involve radical and important changes, are apt to be lost sight of when treated in the last sub-paragraph of a section whose sideheading makes no mention of them; and the attempt to regulate liquor warehouses by the application of the rules relating to the warehousing of intoxicating drugs "so far as they can be made applicable" is likely to be attended with difficulties.

Moreover, even if Section 6 as amended be held to protect imported liquor at all, it can only protect that brought from another Province under this Act, so that imports from the three older Presidencies remain unprovided for and exports in bond to Native States, as for instance, the supply of Kashmir by distilleries in Northern India, continues illegal.

The Act contains no provisions for the control of export corresponding to Clauses 25 to 27 of the Bengal Bill.

Section 33.—The appointments of Excise officers are now made in all the larger Provinces by an Excise Commissioner or some similar authority. The retention of this power in the hands of the Collector is therefore liable to lead to difficulties. Concurrent powers are provided for in Clause 46 of the Bengal Bill, but even this is inelastic and will need further amendment in the event of some very possible developments taking place. The provisions of this section are, moreover, too wide and yet not wide enough. For instance, it may be desirable to give a shop-keeper power to grant special passes on urgent occasions without giving him full powers under the Act. On the other hand, Government officers need powers in respect of several matters which are not directly concerned with either the collection of the revenue or prevention of offences.

Section 34.—Provision is necessary for re-sale or direct management in case of default.

Section 35.—The power of inspection should be limited to Government officers of a certain rank and extended so as to cover testing and measurement of exciseable articles. The list of places liable to inspection should include places of storage, places for the manufacture of intoxicants other than country spirits, and places for sale of foreign liquors, for the inspection of which the present Act gives no authority.

Sections 36 and 37.—These are almost an exact copy of Sections 56 and 57 of Bengal Act XXI of 1856, and, like them, cover nothing but illicit sale and possession of articles liable to confiscation. Section 34 of the Madras Act, which covers a much wider range of offences and adds power to detain goods which the Excise officer has reason to believe to be liable to confiscation and to search suspected persons, is more useful. Its restriction of the power of arrest without warrant to open places is also advisable. If an Excise officer can arrest without warrant in all cases, there is no need for Section 39.

Section 38.—Is also taken direct from the old Bengal Act, and the proposed amendments are very necessary. But the section would still apparently require an informant whose information must be taken down in writing, and so bar search by any officer on his own knowledge. The amended section would also cover only a limited range of offences, and would restrict the power of search to excise officers and, presuming Rs. 30 to be the pay of the last grade of Sub-Inspectors, would bar men acting in that grade from exercise of the power of search. On the other hand, presuming persons in the pay of licensees to be empowered as Excise officers, as has been the case in Burma, it would give undesirable powers to such of these persons as could establish receipt of the necessary remuneration. It is suggested that the provisions of the Madras Act in these respects also should be adopted. Further, some restriction of the occasions on which officers may search without warrant seems to be necessary, otherwise Section 40 is practically useless. The Madras restriction in this respect, *viz.*, that only the fact that delay in obtaining a warrant would prevent its execution will justify a search without one has proved unsatisfactory, *vide* ruling of the Madras High Court in Criminal Appeal No. 782 of 1895, a case under the corresponding section of the Madras Salt Act. It would seem sufficient to provide that search without warrant may be allowed in cases when it is not possible to obtain a warrant without risk of the offence being concealed.

Sections 39 and 40 (1) and proposed amendment.—The grant of power to magistrates to issue search warrants is necessary. It is not clear why the power is only given to magistrates of the first class. As the distribution of magistrates varies considerably in different Provinces, this is a matter which might be left to the discretion of Local Governments. The offences in respect of which warrants may be issued are unnecessarily restricted. Section 39 should be extended so as to cover manufacture as well as sale, and Section 40 to cover manufacture of other exciseable articles than spirit and execution of warrants by other than Excise officers, and both should cover past offences as well as present ones. The words “either from information in writing or from the proceedings in any other case under this Act or any other law” might be omitted from Section 40, and the sections should precede Section 36.

Proposed Section 41.—Makes no provision for the disposal of persons arrested or things seized without warrant. The grant of power of search in the absence of the Police involves as a corollary the grant of police powers to Excise officers.

Proposed Section 42.—It may not infrequently be impossible to reach the Collector or magistrate who issued the warrant within 24 hours. Provision for taking the person arrested or the article seized to the nearest magistrate would be preferable.

Section 43.—Land Revenue officers and such other officers of Government as any Local Government may direct might also be required to assist in carrying out the provisions of the Act. The substitution of the words “any Excise officer” for “the Excise officers” would improve the wording of this section.

Section 44.—The powers mentioned in this section might be given outright to all Police officers of the ranks mentioned as part of the Act. The definition of “Officer in charge of a Police station” adopted in the Criminal Procedure Code might also be made applicable.

Proposed Section 44-A Is very necessary.

Provisions similar to those contained in Sections 35 and 38 to 54 of the Madras Act would also appear to be desirable, for enforcement, if not immediately, at any rate as soon as regular Excise establishments have been got into work.

Section 45 (1) and proposed amendment.—The amendment is necessary. The penalty for possession of a still should be limited to cases where the still is one for the manufacture

of spirit, unless it is thought advisable to take power for the licensing of stills for the manufacture of rose water, *kewara*, etc., as is done in the Bengal Bill, and should be extended to other implements for such manufacture. The provisions regarding confiscation in this and subsequent sections might well be amalgamated into a single section.

Section 46 (1) (a) and proposed amendment.—The penalty provided will only operate to protect a system under which a given distillery has the monopoly of supply of a given area. There is no provision for the grant of “special passes” in the Act. The term used in Section 6 is simply “pass.”

Section 47.—The maximum penalty under this section might be raised to Rs.200.

Section 48.—On the analogy of the penalties for offences connected with liquors, the maximum for cultivation of the hemp plant or the manufacture or import of hemp drugs should be double that for possession of the same.

Section 50 and amendment.—The purpose of substitution of the word “things” for the word “effects” is not stated in the explanatory note. Apparently it will not cover the legalization of barter for grain which is urged by the United Provinces Government.

Section 51.—From the wording of the section it is obvious that it is illegal transport as much as illegal possession that is intended to be made punishable by it.

Section 52.—The penalty is that of the old Bengal Act, and might be increased to Rs.200.

Section 53.—This section as it stands is of little value. If abetment can be proved, the owner or occupier of land or the person vested with local jurisdiction can be punished as for the main offence. If it cannot, it will be no more easy to prove authorization or connivance. What appears to be required is a provision that land owners and village officers are bound in the absence of reasonable excuse to give information of offences on their land or in their villages. Failure to give such information would then be punishable under Section 176 of the Indian Penal Code. It may be observed that Section (1) contains no provision that the offence in question must be one committed on the land of the owner or occupier, though it is presumed that this is what was intended.

Section 54.—If Section 38 is amended as proposed in the Government of India note, Section 54 will also need amendment, and if Section 43 is extended so as to cover officers of the Land Revenue and other Departments, Section 54 may also be extended.

The whole section is unnecessary, however, being covered by Section 187 of the Indian Penal Code.

Section 55.—The maximum punishment under this section might well be increased.

The very general wording of Sub-section (d) and the absence of any qualifying phrase such as “vexatiously” or “without reasonable excuse” renders it liable to misconstruction.

Section 56.—A warrant under Section 39 is not necessarily issued to an Excise officer. It would therefore be more correct to apply the provisions of this section to any person making an arrest or seizure under the Act.

Section 57.—The procedure laid down by the section is cumbrous in some cases; for instance, the Punjab Chief Court having held that a Police officer empowered as an Excise officer is not an Excise officer for purposes of this section, the Collector-Magistrate to whom a case is reported by the police has to lay information before himself.

The limitation of time in regard to prosecutions by Excise officers is no longer necessary, and affords a protection to smugglers from Native States. It might well be applied to prosecutions of such officers.

Section 58.—The omission of the existing section is desirable. As regards the section proposed to be substituted for it, it is submitted that it is undesirable to make enhanced punishment on account of previous conviction applicable to all offences under the Act, and that technical offences at any rate should be excluded from the scope of the section.

Section 59.—‘Abetment’ is defined in the General Clauses Act.

Proposed Section 59-A.—The remaining portion of Section 64 of the Madras Act, which is similar to section 10 of the Opium Act and has proved to be most efficient in practice, might well be adopted.

Section 60.—With reference to Government of India letter in the Finance and Commerce Department, No. 4,289 S.R., dated the 7th October 1896, the distribution of rewards may well be left to the executive officers, “who are best fitted to deal with the matter.” In letter No. 3147 S.R., dated the 21st July 1896, the provisions of the Bengal Act in this regard are cited with approval.

Section 61.—Some provision seems necessary for hearing claimants to articles proposed to be confiscated. The provisions of Section 12 of the Indian Opium Act might be adopted with advantage.

Provision for composition of offences would also be a useful addition to this chapter.

Section 62.—The provision for immediate cancellation on the requisition of the Commanding Officer seems unnecessarily stringent. The whole chapter is hardly necessary, and the matters contained in it might well be left to be dealt with by executive order in rules similar to the Bengal rules, which are cited with approval in Finance and Commerce Department letter No. 2455-S.R., dated the 21st April 1904.

Section 64.—So long as either Divisional or Excise Commissioners or both may be appointed Commissioners of Revenue for purposes of the Act, it would be better to leave Local Governments to define the relations between them and the Collectors as local circumstances may determine. The existing arrangement in the Central Provinces, for instance, under which the Divisional Commissioner has jurisdiction in case of disagreement between the Collector and the Commissioner of Excise, cannot be brought under this section. There is no provision similar to that in the Bengal Bill that proceedings under the Act before Revenue officers are judicial proceedings.

Section 65.—This may be amalgamated with the other sections that provide for the making of rules. As pointed out in the preliminary remarks, the grant of express legal authority to license conditions opens up indefinite possibilities of legislation. On this principle the power of rule-making in the following matters, for instance, in addition to those already mentioned under Sections 9, 10 and 11, would need to be expressly given now, and in many others hereafter :—

- (1) Determining the number of licenses to be granted in each district or place.
- (2) Regulating the nature of the localities in which sales of exciseable articles may be allowed.
- (3) Regulating the nature of the premises on which sales are allowed to be conducted (*vide* Finance and Commerce Department letter No. 2455, dated the 21st April 1904).
- (4) Regulating the maintenance of sign-boards by licensed vendors.
- (5) Regulating the maintenance of a supply of exciseable articles.
- (6) Prescribing the measures, weights and instruments to be maintained by licensees.
- (7) Regulating the conditions under which transfer of licenses may be permitted.
- (8) Rendering the heirs of a license holder liable to his obligations in the event of his decease.
- (9) Fixing maximum or minimum prices.
- (10) Regulating the punishment by Collectors of the infraction of license conditions.
- (11) Regarding the recovery of interest on arrears of license fees.
- (12) Regulating the disposal of exciseable articles found unfit for consumption.
- (13) Regulating the grant of special permission for sale and possession of quantities of liquor in excess of the limits prescribed.
- (14) Regulating the summoning of witnesses by Excise officers.
- (15) Regulating the grant of travelling and way expenses to witnesses or compensation to persons released or acquitted.
- (16) Regulating the grant of rewards.

It is submitted, however, that this is the matter above all others in which elasticity is necessary. A few general clauses which are sufficient to give all rules made by Local Governments the force of law would be preferable. The following attempt to bring them all together under eleven more or less general heads is submitted, rather as indicating the possibilities of reduction than an attempt at a final classification:—

- (1) For the erection, licensing, inspection, supervision, management, control and supply of any place for the cultivation of the hemp plant or the manufacture or storage of exciseable articles, and for regulating the fittings, implements and apparatus to be maintained therein, and the payments, if any, to be made for the storage of exciseable articles.
- (2) Regulating the manufacture, supply and sale of *tari* and the taxation of the same whether by the levy of a tree-tax or otherwise.
- (3) Regulating the periods and localities for which and the conditions under which licenses for the wholesale or retail vend of exciseable articles may be granted, and prescribing the nature of the premises in which, and the persons by or to whom, exciseable articles may or may not be sold, and the notices to be exposed at such premises.
- (4) Regulating the import, export and transport of exciseable articles.
- (5) Prescribing the instruments, weights, measures and accounts to be maintained by persons licensed under the Act.
- (6) Prohibiting the admixture of any substance deemed to be noxious with any exciseable article in the course of manufacture or otherwise, and providing for the removal or destruction of any exciseable article deemed to be unfit for use.
- (7) Fixing prices or quantities in excess of or below which exciseable articles shall or shall not be sold by any licensed vendor, and prohibiting sales except for cash.
- (8) Imposing any conditions on licensees regarding the harbouring of offenders or undesirable persons, the reporting of offences and the closure of licensed premises on special occasions that may be deemed necessary or advisable in the interests of peace and good order.
- (9) Defining the duties of officers and regulating the summoning of witnesses under the Act and providing for the grant of travelling expenses to witnesses and compensation to persons released or acquitted.
- (10) Regulating the disposal of confiscated articles and the grant of rewards.
- (11) Generally to carry out the provisions of this Act or other law for the time being in force relating to the Excise revenue.

A sub-section might define the cases in which the final power of rule-making should rest with the Government of India, the Local Government and the Chief Revenue Authority, respectively.

Provision is necessary for the publication of all rules made under the Act.

Proposed Section 65-A.—More liberal powers of delegation might well be given.

Section 66.—The absolute power of exemptions given to Local Governments is in somewhat striking contrast to the limited power given them in other matters. The section might be amplified, as already suggested, by providing for special extension of the limit of possession in local areas not bordering on other Provinces.

Specific provision regarding the exemption of medicated articles might also be embodied in the Act.

A provision as to bar of actions seems also to be necessary. The Excise Commissioner of the Central Provinces recorded, as long ago as 1877-78, that the Police “fear to act on the information of informers, and as such cases almost invariably involve a house search, the terror of a civil action in the event of the search being fruitless or their being placed on a wrong scent, without doubt hampers their proceedings.”

APPENDIX IV.—STATEMENTS AND DIAGRAMS.

STATEMENT No. I.

General Statement of the Excise Revenue of the Central Provinces under all heads for a series of years.

Year.	Revenue from country spirits.	Revenue from foreign spirits.	Revenue from <i>tari</i> .	Revenue from opium.	Revenue from hemp drugs.	Miscellaneous. (b)	Total Excise Revenue.	REMARKS.
1	2	3	4	5	6	7	8	9
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
1870-71	7,15,170	3,096	45,507	1,63,700	72,118	6,582	10,06,173	(a) This figure includes no payment on account of the contract for the Nagpur tahsil which was leased with the spirit contract.
1871-72	7,65,350	3,715	42,185	1,71,316	70,713	4,955	10,58,234	(b) The chief items under this head are from 1870-71 to 1882-83, magisterial fines and sale-proceeds of confiscated opium; from 1883-84 to 1892-93 excise <i>takoli</i> paid by zamindars, sale-proceeds of confiscated opium and fees for the storage of <i>ganja</i> ; from 1893-94 to 1898-99 sale-proceeds of confiscated opium; from 1899-00 to 1903-04, license fees for excise farms granted to zamindars.
1872-73	7,29,682	3,971	42,443	1,93,673	55,824	8,517	10,34,110	(c) The figures from 1893-94 onwards include fees for the storage of <i>ganja</i> .
1873-74	7,75,433	3,775	48,675	2,73,833	50,708	10,895	11,63,319	
1874-75	8,70,517	3,812	56,821	2,94,998	57,083	9,106	12,92,337	
1875-76	9,20,609	3,853	48,713	3,98,043	5,5053	16,096	14,42,367	
1876-77	9,56,176	3,578	43,276	4,81,445	60,626	23,416	15,68,517	
1877-78	9,55,933	4,245	38,222	5,26,163	69,263	16,340	16,10,166	
1878-79	9,76,550	4,078	41,275	6,42,391	83,144	22,075	17,69,513	
1879-80	9,45,554	4,584	52,825	7,59,456	89,937	21,177	18,73,533	
1880-81	10,62,793	4,734	49,608	8,34,469	92,851	18,561	20,63,016	
1881-82	11,99,704	4,877	35,398	8,95,106	97,236	18,097	22,50,418	
1882-83	13,08,372	4,385	34,205	9,29,381	1,13,461	17,375	24,07,179	
1883-84	14,47,925	5,230	34,607	9,49,225	1,33,385	4,216	25,74,588	(d)
1884-85	15,42,613	4,893	33,367	9,46,235	1,67,051	9,853	27,04,012	(d)
1885-86	15,45,323	6,974	33,587	9,54,405	1,97,449	4,038	27,41,776	(d)
1886-87	15,85,715	6,088	32,185	9,37,089	2,16,366	7,119	27,84,562	(a)
1887-88	14,08,084	5,829	31,982	8,81,293	2,00,364	12,693	25,40,245	
1888-89	14,88,292	6,782	28,255	9,03,306	2,08,187	22,016	26,56,838	
1889-90	15,77,649	7,400	21,335	9,38,244	2,09,741	25,304	27,79,673	
1890-91	16,77,301	8,161	19,843	9,33,468	2,22,275	21,588	28,82,636	
1891-92	16,10,253	7,571	19,592	9,65,100	2,35,826	21,220	28,59,562	
1892-93	17,07,193	7,227	27,832	9,58,660	2,69,508	13,604	29,84,024	
1893-94	17,11,245	7,667	21,608	9,91,290	2,85,580(c)	16,298	30,33,688	
1894-95	17,06,294	7,574	22,397	9,79,673	2,70,427	21,245	30,07,610	
1895-96	14,87,944	8,984	20,624	9,19,219	2,49,503	20,920	27,07,194	
1896-97	13,23,323	7,666	20,947	7,65,920	1,93,646	15,838	23,27,340	
1897-98	10,30,740	7,407	21,230	7,01,822	1,66,746	17,962	19,45,907	
1898-99	11,92,616	12,673	19,402	7,30,608	1,81,738	18,925	21,55,962	
1899-00	11,99,908	22,557	20,292	7,62,626	1,86,670	21,345	22,13,299	
1900-01	10,44,564	21,724	21,856	7,27,716	1,70,302	19,053	20,05,215	
1901-02	12,06,207	20,260	23,410	6,98,617	1,79,417	23,742	21,51,653	
1902-03	14,29,885	20,088	24,278	8,02,677	1,95,415	22,274	24,94,617	
1903-04	16,55,349	17,051	24,495	8,71,187	2,19,157	34,406	28,21,645	

STATEMENT NO. II.

General Statement of the Excise Revenue of Berar under all heads for a series of years.

Year.	Revenue from country spirits.	Revenue from foreign spirits.	Revenue from <i>tari</i> .	REVENUE FROM		Miscellaneous, fines, forfeitures, etc.	Total Excise revenue.	REMARKS.
				Opium.	Hemp drugs.			
1	2	3	4	5	6	7	8	9
	Rs.	Rs.	Rs.	Rs.		Rs.	Rs.	
1875-76	7,81,726	4,124	... (a)	1,56,352			9,42,202	(a) The <i>tari</i> contracts were sold with the liquor contracts, and therefore no separate figures are available.
1876-77	8,35,073	7,007	(b) 15,136	1,74,589			10,31,805	(b) Does not include the <i>tari</i> revenue of the Akola, Amraoti and Ellichpur districts, the <i>tari</i> contracts in which were sold along with the liquor contracts.
1877-78	7,76,758	6,416	(b) 17,316	1,64,414			9,64,904	(c) This figure represents license fees only. The duty is not known as it was paid at Indore. It also includes the license fees on account of <i>ganja</i> , <i>charas</i> and <i>bhang</i> .
1878-79	8,40,182	2,066	59,649	1,98,155		Not available.	11,00,052	(d) Represents <i>ganja</i> cultivation fees only.
1879-80	8,97,688	1,616	56,402	2,11,020		3,625	11,70,351	(e) First year of sale of separate contracts for opium and <i>ganja</i> .
1880-81	8,73,695	1,666	52,418	2,41,320		8,515	11,77,614	
1881-82	8,37,040	1,341	42,546	2,23,260		3,964	11,08,151	
1882-83	9,19,200	1,425	49,786	2,57,866		3,351	12,31,628	
1883-84	10,43,760	1,445	51,765	3,47,600		2,557	14,47,127	
1884-85	11,08,805	1,400	42,877	3,62,000		2,354	15,17,436	
1885-86	10,39,500	1,300	33,097	2,94,800		3,914	13,72,611	
1886-87	10,36,475	1,300	47,633	3,09,635		2,694	13,97,737	
1887-88	9,89,215	1,300	45,469	3,10,745		2,986	13,49,715	
1888-89	11,53,025	1,317	48,430	3,03,820		2,430	15,09,022	
1889-90	11,73,435	1,725	45,937	2,99,905		2,412	15,22,514	
1890-91	12,88,500	1,650	45,965	3,07,230		1,621	16,44,966	
1891-92	13,83,095	1,800	45,680	3,00,800		1,202	17,32,577	
1892-93	13,86,375	1,850	45,715	2,64,975		...	16,98,915	
1893-94	12,37,525	2,100	43,108	(c) 2,71,323	(d) 480	1,596	15,56,132	
1894-95	11,19,320	1,916	40,818	(c) 2,49,075	(e) 20,025	8,115	14,39,269	
1895-96	10,24,850	1,650	29,921	3,94,016	18,256	7,659	14,76,352	
1896-97	9,07,580	2,216	39,698	3,36,048	21,837	10,262	13,17,641	
1897-98	7,81,425	1,350	39,325	3,23,484	22,795	20,019	11,88,398	
1898-99	8,91,394	2,455	39,739	3,61,839	28,189	18,962	13,42,578	
1899-00	7,98,257	2,671	25,920	2,47,684	29,835	4,261	11,08,628	
1900-01	7,78,341	5,001	24,243	2,69,258	28,305	3,621	11,08,769	
1901-02	10,05,735	3,553	21,459	2,52,701	40,826	3,467	13,27,741	
1902-03	12,10,255	4,915	18,662	3,50,718	42,786	3,490	16,30,826	
1903-04	15,07,257	5,424	20,680	4,16,734	50,735	3,229	20,04,059	

STATEMENT NO. III.

Statement showing the revenue derived from country spirits under the different systems of excise in force in the Central Provinces for a series of years.

Year.	License fees for shops under the sadar distillery or contract still system.	Revenue from still-head duty.	Revenue from contract stills.	Revenue from out-stills.	Total revenue (receipts).	Total issues from sadar distilleries.	No. of sadar distilleries.	No. of contract stills.	No. of out-stills.	No. of SHOPS.	
										Temporary.	Permanent.
1	2	3	4	5	6	7	8	9	10	11	12
	Rs.	Rs.	Rs.	Rs.	Rs.	Bulk gallons.					
1871-72	2,86,471	4,17,228	61,651*		7,65,350	8,97,482	87	57	503	7,253	
1872-73	2,70,931	3,78,754	79,998*		7,29,683	8,03,992	83	not given	510	6,008	
1873-74	2,62,525	3,70,009	39,821	1,03,078	7,75,433	8,51,046	73	1,116†		6,601	
1874-75	3,03,000	3,76,636	43,996	1,46,885	8,69,817	10,28,833‡	70	37	877	5,505	
1875-76	3,84,123	3,37,256	54,104	1,45,126	9,20,609	9,08,683	68	87	656	911	5,966
1876-77	4,43,832	2,90,620	57,487	1,64,237	9,56,176	7,85,990	68	89	754	1,039	5,685
1877-78	4,33,034	2,96,195	60,548	1,66,156	9,55,933	7,95,714	67	913†		840	6,183
1878-79	4,70,461	2,80,916	80,575	1,44,598	9,76,550	7,31,486	59	945†		923	5,351
1879-80	4,42,532	2,47,248	1,20,029	1,35,745	9,45,554	6,61,939	53	139	1,033	799	6,551
1880-81	4,34,335	2,45,621	1,11,750	2,71,087	10,62,793	6,89,306	44	102	1,416	1,980	7,185
1881-82	4,91,737	2,57,806	1,32,113	3,18,048	11,99,704	6,83,108	39	108	1,539	1,144	7,484
1882-83	5,63,009	2,69,714	1,18,635	3,57,014	13,08,372	7,18,170	39	107	1,632	442	7,945
1883-84	6,35,208	2,79,068	1,34,267	3,70,580	14,19,123	7,69,680	38	109	1,598	343	8,123
1884-85	7,32,771	2,74,988	1,32,542	3,98,235	15,38,536	7,14,180	38	110	1,624	363	7,979
1885-86	7,29,064	2,58,665	1,26,601	4,52,251	15,66,581	5,71,406	36	113	1,658	360	7,925
1886-87	7,71,050	2,41,082	1,12,523	4,69,850	15,94,505	5,47,796	36	117	1,681	639	7,947
1887-88	6,40,119	2,50,706	1,12,350	3,96,375	13,99,550	5,47,455	35	118	1,683	827	8,021
1888-89	5,33,858	2,27,472	90,086	5,49,924	14,01,340	5,15,992	29	74	1,968	651	8,054
1889-90	3,59,259	1,65,343	8,821	10,71,804	16,05,227	3,29,035	15	9	2,250	632	7,569
1890-91	4,01,333	1,54,224	8,373	10,81,262	16,45,192	3,30,402	15	9	2,125	399	7,142
1891-92	4,04,141	1,54,922	7,148	11,57,932	17,24,143	3,28,166	15	5	1,991	333	6,882
1892-93	4,05,254	1,60,103	5,189	11,74,771	17,45,317	3,14,471	15	5	1,959	344	6,792
1893-94	4,95,846	2,31,981	7,709	9,75,709	17,11,245	proof gallons. 1,70,067‡	16	5	1,812	348	6,266
1894-95	5,54,862	2,39,732	5,099	9,06,601	17,06,294	1,69,374‡	16	3	1,570	243	6,286
1895-96	5,39,722	2,45,762	4,200	6,98,260	14,87,944	2,04,641‡	15	3	1,387	223	6,227
1896-97	4,47,606	1,82,370	4,858	6,88,489	13,23,323	1,52,732	15	3	1,706	209	6,366
1897-98	2,82,401	2,86,452	...	4,61,887	10,30,740	1,50,398	24	...	1,504	208	5,985
1898-99	2,78,914	3,55,383	...	5,58,319	11,92,616	1,66,333	24	...	1,496	191	6,022
1899-00	3,16,595	3,41,971	...	5,41,341	11,99,907	1,59,597	25	...	1,458	191	6,002
1900-01	3,04,755	3,16,093	...	4,23,716	10,44,564	1,56,480	25	...	1,470	188	5,984
1901-02	3,21,142	3,99,415	...	4,85,650	12,06,207	1,91,808	25	...	1,474	190	6,003
1902-03	3,46,656	4,76,588	...	6,06,641	14,29,885	2,33,776	25	...	1,769	235	6,396

* Revenue under contract and out-stills combined.

† Contract and out-stills combined.

‡ Issues from sadar distilleries and contract stills.

Note.—From the years 1883-84 to 1892-93 inclusive, the figures are those of demand, the figures of receipts not being available.

STATEMENT NO. IV.

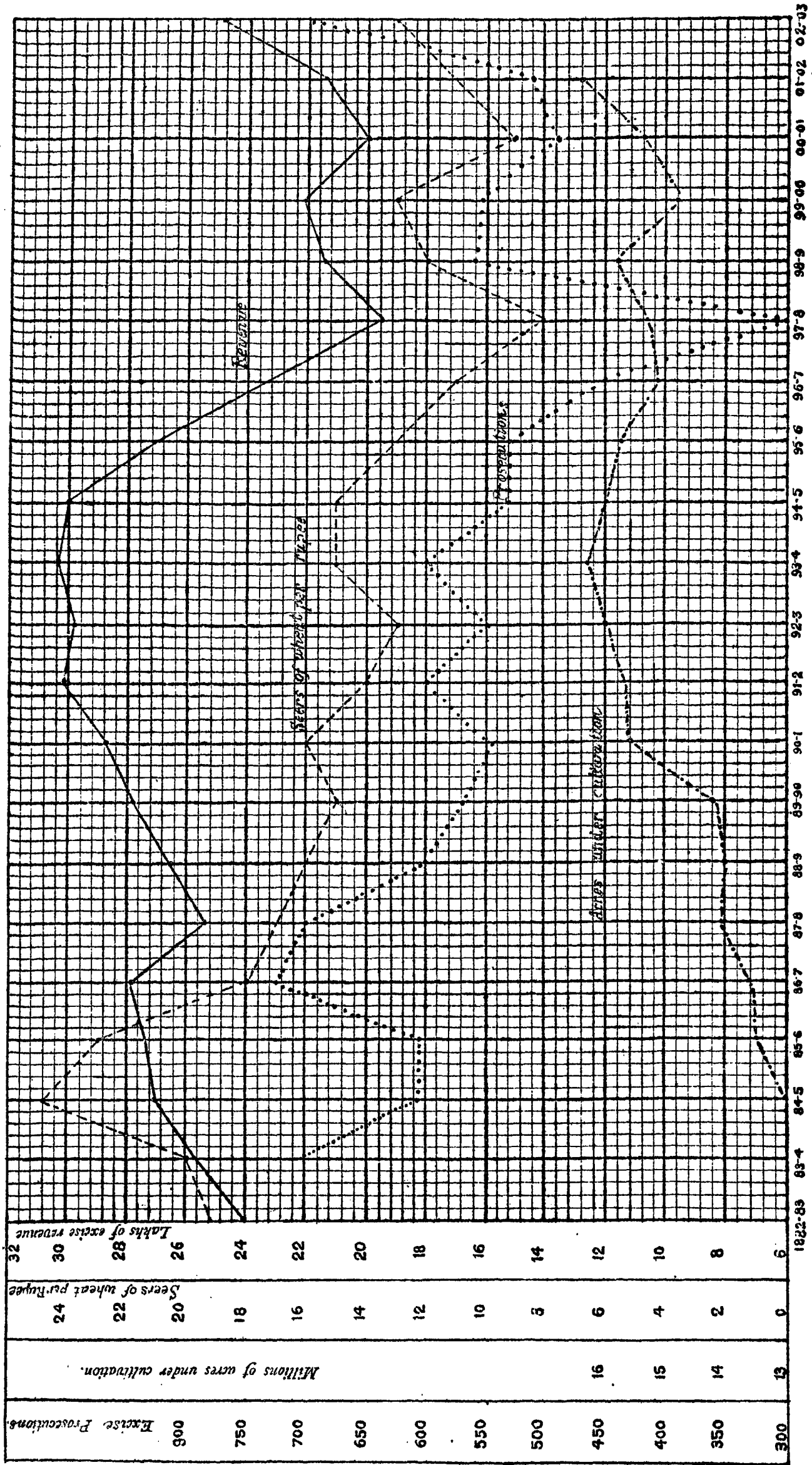
Statement showing the revenue derived from country spirits under the different systems of excise in force in Berar for a series of years.

Year.	License fees.	Revenue from still-head duty.	Revenue from farms or out-stills.	Total revenue.	Issues from distilleries.	Number of distilleries.	Number of out-stills.	Number of shops.	REMARKS.
		Rs.	Rs. (a)	Rs.	Proof gallons.				
1877-78 ...	...	...	7,76,758	7,76,758	...	...		1,391	Out-still system.
1878-79 ...	...	...	8,40,182	8,40,182	...	...		1,405	
1879-80 ...	...	...	8,97,688	8,97,688	...	...		1,411	
1880-81 ...	...	...	8,73,695	8,73,695	...	...		1,413	
1881-82 ...	...	...	8,37,040	8,37,040	...	...		1,416	
1882-83 ...	...	...	9,19,200	9,19,200	...	...		1,423	
1883-84 ...	...	...	10,43,760	10,43,760	...	...		1,434	
1884-85 ...	...	...	11,08,805	11,08,805	...	...		1,444	
1885-86 ...	...	...	10,39,500	10,39,500	...	...		1,438	
1886-87 ...	...	...	10,36,475	10,36,475	...	...		1,437	
1887-88 ...	...	...	9,89,215	9,89,215	...	...		1,434	
1888-89 ...	...	...	11,53,025	11,53,025	...	...		1,442	
1889-90 ...	...	...	11,73,435	11,73,435	...	...		1,443	
1890-91 ...	...	...	12,88,500	12,88,500	...	...		1,425	
1891-92 ...	...	...	13,83,095	13,83,095	...	...		1,237	
1892-93 ...	...	...	13,86,375	13,86,375	...	...		1,122	
1893-94 ...	...	2,64,175	9,73,350	12,37,525	1,29,570	1	931	1,122	Out-still and Minimum Guarantee systems.
1894-95 ...	...	2,64,175	8,55,145	11,19,320	83,241	1	907	1,118	
1895-96 ...	...	2,64,175	7,60,675	10,24,850	71,078	1	905	1,118	
1896-97 ...	...	3,35,000	6,19,075	9,54,075	1,25,732	1	770	1,105	
1897-98 ...	...	5,46,000	3,05,225	8,51,225	1,66,303	2	592	1,141	
1898-99 ...	...	5,46,000	2,88,760	8,34,760	1,47,798	2	591	1,118	Out-still and Contract Distillery Supply systems.
1899-00 ...	3,05,871	2,92,024	3,52,031	9,49,926	1,20,334	2	576	1,091	
1900-01 ...	2,11,063	2,83,036	2,89,132	7,83,231	1,09,700	2	547	1,078	
1901-02 ...	2,52,720	4,04,456	2,78,790	9,35,966	1,72,562	2	563	1,084	
1902-03 ...	3,52,694	4,52,206	3,99,275	12,04,175	1,82,605	2	578	1,084	

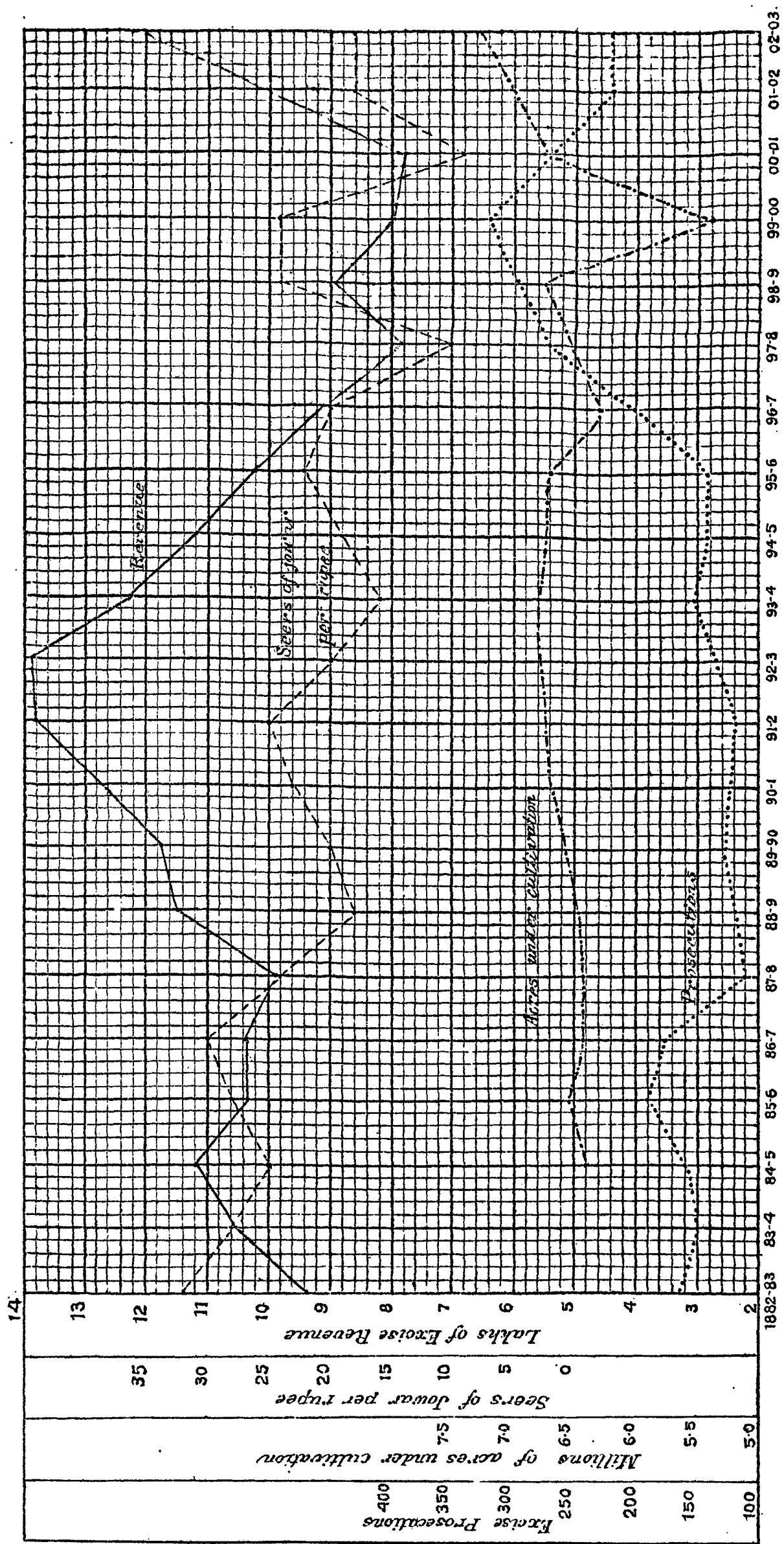
(a) Includes the *tari* revenue of the Akola and Amraoti districts.

Note.—Statement No. II gives figures of gross receipts. Statement No. IV gives detailed figures of demand, details of collections not being available. The differences between the totals during the famine years are considerable.

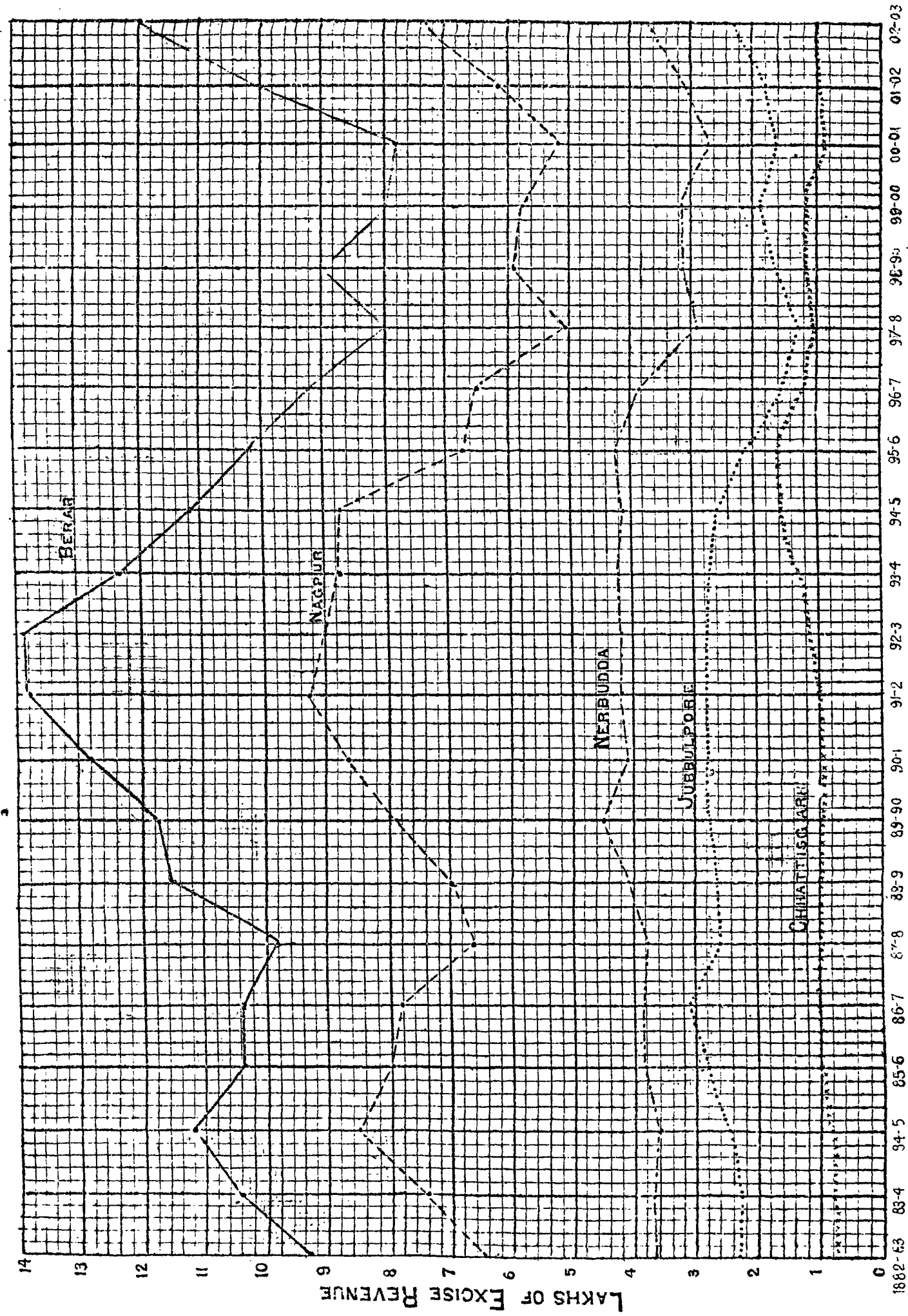
(V). — Diagram comparing the variations in the country spirit revenue with those in the area under cultivation, the prices of food grains and the number of prosecutions for excise offences in the Central Provinces.



(VI).—Diagram comparing the variations in the country spirit revenue with those in the area under cultivation, the price of food grains and the number of prosecutions for excise offences in Bihar.



(VII).—Diagram comparing the course of the country spirit revenue in the different Divisions.



STATEMENT NO. VIII.

Statement of sadar distilleries in the Central Provinces, with particulars, showing the area supplied by them, issues and license fees.

Name of Distillery.					Area supplied in square miles.	Rate of <i>mahua</i> duty per seer.	Issues for 1903-04. proof gallons.	License fees, 1903-04.
						Rs. a p.		Rs.
Bhandara	...	...	...	...	340	0 2 0	8,605	11,345
Pauni	...	...	...	...	163	0 1 6		
Chanda	...	...	...	...	273	0 2 0	23,810	12,600
Warora	...	...	...	...	590	0 2 0		
Wardha	...	...	...	...	809	0 3 0	56,081	21,750
Hinganghat	...	...	...	...	729	0 3 0		
Arvi	...	...	...	...	890	0 3 0		
Balaghat	...	...	...	...	288	0 1 6	7,558	8,374
Jubbulpore	...	...	...	...	1,237	0 4 0	37,917	35,500
Murwara	...	...	...	...	282	0 2 0		
Saugor	...	...	...	...	180	0 3 0	4,470	14,000
Seoni	...	...	...	...	722	0 1 6	5,771	8,250
Betul	...	...	...	...	530	0 1 6	12,293	10,660
Chhindwara	...	...	...	...	329	0 1 6	2,228	3,437
Hoshangabad	...	...	...	...	1,772	0 2 0	13,533	16,500
Harda	...	...	...	...		0 2 6		
Seoni Malwa	...	...	...	...		0 2 0		
Narsinghpur	...	...	...	...	875	0 2 0	4,803	3,800
Raipur	...	...	...	...	899	0 1 6	5,340	20,000
Bilaspur	...	...	...	...	112	0 1 6	2,729	8,125
Sambalpur	...	...	...	...	434	0 2 0	2,762	4,503
Bargarh	...	...	...	...	439	0 1 6		

STATEMENT No. IX.

Statement showing the area and population per country spirit shop in each district of the Central Provinces and Berar as compared with the districts with the largest number of shops to area and population in other Provinces.

District.					No. of shops in 1902-03. *	Area per shop.	Population per shop.	Remarks.
<i>Central Provinces.</i>								
Nagpur	...	...	...	...	421	9'1	1,785	* Includes temporary shops.
Bhandara	...	...	...	...	543	7'3	1,221	
Chanda	...	...	...	...	536	11'0	924	
Wardha	...	...	...	...	249	9'7	1,546	
Balaghat	..	...	...	...	475	6'6	687	
Jubbulpore	...	...	...	...	309	12'7	2,202	
Saugor	...	...	...	...	143	28'0	3,294	
Damoh	...	...	...	...	83	34'1	3,438	
Seoni	...	...	...	...	308	10'4	1,064	
Mandla	...	...	...	...	512	9'9	620	
Betul	...	...	...	...	429	8'9	665	
Chhindwara	...	...	...	...	456	10'2	894	
Hoshangabad	...	...	...	...	393	10'2	1,142	
Narsinghpur	...	...	...	...	97	19'7	3,236	
Nimar	...	...	...	...	298	13'2	1,097	
Raipur	...	...	...	...	715	16'4	2,014	
Bilaspur	...	...	...	...	226	21'5	3,567	
Sambalpur	...	...	..	...	438	11'2	1,894	
<i>Berar.</i>								
Amraoti	...	...	...	...	154	17'9	4,092	
Akola	...	...	...	...	131	20'4	4,447	
Ellichpur	...	...	...	...	121	21'5	2,458	
Buldana	...	...	...	...	165	17'0	2,567	
Wun	...	...	...	...	344	11'4	1,357	
Basim	...	..	...	...	169	17'4	2,091	
<i>Other Provinces.</i>								
South Canara (Madras)	...	...	...	...	596	6'7	1,898	
Surat (Bombay)	...	...	...	...	282	5'9	2,259	
Jhansi (United Provinces)	...	...	...	...	233	15'4	2,647	
Palamau (Bengal)	...	...	...	...	123	34'4	5,037	
Karachi (Sind)	...	...	..	...	64	220'5	6,977	
Ludhiana (Punjab)	...	...	...	...	78	17'6	8,629	
Simla (Do.)	...	...	...	...	23	0'8	3,363	
Cachar (Assam)	...	...	...	...	35	120'0	13,017	

STATEMENT No. X.

Statement showing the approximate cost of manufacturing liquor at the Akola Distillery.

Mahua.	Quantity used in lbs.	COAL.		WOOD.		OTHER CHARGES.						Total cost of manufacture.	Total outturn in proof gallons.	Number of scers of mahua per proof gallon.	Cost of manufacture per proof gallon.	Cost per gallon of 60° u. p.	REMARKS.
		Quantity used in lbs.	Cost at Rs. 12 per ton of 2,240 lbs.	Quantity used in lbs.	Cost at Rs. 12 per ton of 2,240 lbs.	Interest on capital cost of one lakh of rupees at 5 per cent.	Depreciation at 2½ per cent.	Rent of Government building.	Establishment, &c., and miscellaneous.	Wastage due to dryage, &c., of liquor.	Total other charges.						
			Rs.		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.			Rs. a. p.		
3,151,200	(a) 44,313	1,538,656	(b) 8,243	211,344	(c) 1,132	(d) 5,000	(e) 2,500	1,200	(f) 10,000	(g) 1,000	19,700	73,388	158,350	9'95	0 7 5 or say 0 7 6	0 3 0	

NOTE:—(a) The rate given by the distillers is an average rate of Rs. 14-6-0 a ton, but in their letter above referred to they have stated that fuel at Ellichpur costs Rs. 7 per ton and stated transport charges at 3 annas reports the rate in Akola to be Rs. 1-2-0 per maund and the Committee are satisfied from enquiries made during their tour that this is a fair price.

(b) The distillers use Warora as well as Kusanda coal and give the average rate as Rs. 15 per ton, making large allowances for wastage &c. In their letter, dated 10th August 1901, to Lieutenant-Colonel Warren Hastings, the then Inspector-General of Excise of the Hyderabad Assigned Districts, they gave the rate per ton for the same coal as Rs. 12, and this the Committee think is a fair rate.

(c) The distillers put the rate down as Rs. 14-6-0 a ton, but in their letter above referred to they have stated that fuel at Ellichpur costs Rs. 7 per ton and stated transport charges at 3 annas a maund. This works out to Rs. 12 a ton at Akola.

(d) The distillers put this down at 9 per cent., which is too high.

(e) This has to be calculated on cost of plant. The distillers have not given this, but 2½ per cent on a capital cost of 1 lakh is ample.

(f) The distillers' figure is Rs. 13,000, which is too high. The Committee have ascertained that another distillery working on a much larger scale does not spend more than Rs. 7,000. Rs. 10,000 is a very liberal allowance to cover these charges.

(g) A wastage allowance of 1½ per cent on liquor of such low strength as 60° u. p. and stored for short periods only is too high. Rs. 1,000 will cover all wastage.

STATEMENT NO. XI.

Statement showing the estimated cost of transport of spirit to warehouses and shops in the Nagpur Division.

Tahsil.	Issues in proof gallons (a).	DISTANCE FROM DISTILLERY.		COST OF TRANSPORT.		Total cost.
		By rail. Miles.	By road. Miles.	Per maund by rail (b).	Per 2 casks or 100 gallons by road (c).	
				Rs. a. p.	Rs. a. p.	Rs. a. p.
Nagpur	26,200	..	..	..	..	..
Ramtek	13,800	..	25	..	1 9 0	215 10 0
Umrer	12,000	..	24	..	1 8 0	180 0 0
Katol	14,300	..	40	..	2 8 0	357 8 0
Wardha	13,400	52	..	0 3 8	..	368 8 0
Arvi	12,200	68	21	0 4 8	1 5 0	587 2 0
Hinganghat	8,400	70	..	0 4 10	..	304 8 0
Chanda	17,270	97	28	0 5 11	1 12 0	1,068 3 6
Warora	11,900	97	..	0 5 11	..	528 1 0
Bhandara	18,040	39	7	0 3 6	0 7 0	552 13 0
Tirora	25,770	63	..	0 4 10	..	933 7 0
Sakoli	14,800	39	39	0 3 6	2 7 0	749 4 0
Balaghat	22,070	106	..	0 7 6	..	1,241 11 0
	210,150					7,086 11 6

- Rs. a. p.
- Average cost of transport to warehouses per proof gallon .. 0 0 6'4
- i.e.*, per gallon of 60° u. p. .. 0 0 2'5

(a) The consumption of each tahsil is taken at the Nagpur district rate.

(b) A gallon of proof liquor is taken as 9 lbs. and the tare of the cask as 50 lbs. Thus the weight of a cask of 50 gallons will be $50 \times 9 + 50 = 500$ lbs. or 6 maunds on an average.

(c) A cart can take two casks of 50 gallons each, so that 1 anna per mile by road has been taken as the cost of transport of 100 gallons proof.

The cost of transport from warehouses to shops will have to be calculated on 60° u. p. liquor as that is the strength at which the bulk of the issues to shops will be made. Mr. Jageshwar Bapuji says that, so far as he is aware, no shop could be at a distance of more than 50 miles from the warehouse. Granting 50 miles to be the longest distance and 100 gallons or two casks of liquor to be the quantity transported at one time, the cost of transport per gallon of 60° u. p. would amount to annas $50 \div 100 = 6$ pies, calculated at the rate of 1 anna per cart per mile. Moreover, carts can be had at a daily rate of 8 annas and the 50 miles could be covered at most in three days. At 8 annas per day the cost would amount to $3 \times 8 = 24$ annas or Re. 1-8-0 per 100 gallons or only Re. 0-0-3 a gallon. This rate, however, would only be applicable to the largest shops. The smaller shop-keepers would probably not take more than a cooly could carry at one time. Allowance would also have to be made in many instances for charges for a return journey.

STATEMENT

Statement of licenses granted for sale of foreign liquors

Year.	BEER.			SHAHJAHANPUR RUM.				NUMBER	
	Quantity manufactured.	Quantity issued.	Duty collected.	Quantity imported.	Rate of duty per gallon proof.	Duty credited.	Duty collected in the C. P.	For sale for consumption off the premises.	Public house.
	2	3	4	5	6	7	8	9	10
	Galls.	Galls.	Rs.	Galls.	Rs.	Rs.	Rs.		
1870-71	...	...	...	Not available.	...	...	...	...	...
1871-72	...	...	...		...	...	...	...	...
1872-73	...	...	...		...	...	...	...	...
1873-74	...	...	...		...	...	...	...	...
1874-75	...	...	...		...	...	...	46	...
1875-76	...	...	...		...	...	...	46	...
1876-77	...	...	...		...	...	...	51	...
1877-78	...	...	...		...	...	...	53	...
1878-79	...	...	...		...	...	...	49	...
1879-80	...	...	...		...	...	...	49	...
1880-81	...	...	...		...	...	...	61	...
1881-82	...	...	...		...	...	...	45	...
1882-83	...	...	...		...	...	...	47	...
1883-84	...	...	...		...	...	...	52	...
1884-85	...	...	...		...	...	...	55	...
1885-86	...	...	...		...	...	...	15	5
1886-87	...	...	...		...	...	...	13	3
1887-88	...	...	...		...	...	...	13	3
1888-89	...	...	...		...	...	...	12	3
1889-90	...	...	...		...	...	...	11	3
1890-91	...	...	...		...	...	...	16	1
1891-92	...	...	...	3,254	(b) 4 0 0	...	...	15	1
1892-93	...	...	...	4,281	...	...	...	13	1
1893-94	...	...	...	4,835	...	...	...	15	...
1894-95	...	(a)	...	4,938	...	...	...	13	1
1895-96	...	79,974	...	5,638	...	...	...	13	3
1896-97	...		...	6,709	...	...	...	14	...
1897-98	143,964	68,912	5,804	7,933	...	...	...	15	1
1898-99	143,262	150,309		7,161	...	...	...	12	1
1899-00	208,710	188,875	13,585	8,897	...	1,812	...	...	2
1900-01	238,518	196,888	12,133	9,810	5 0 0		...	1	2
1901-02	158,922	172,152	11,961	9,234	...	2,529 (c)	...	1	3
1902-03	156,033	162,900	9,244	9,315	...		304 (d)	1	3
1903-04	138,726	125,723	7,751	10,814	...		52 (d)	2	3

No. XII.

and the revenue derived therefrom in the Central Provinces.

OF LICENSES GRANTED.					License fees.	Total revenue.	REMARKS.
Joint shop and public house.	Bar.	Dak Bungalow.	Hotel and refreshment room, &c.	Total.			
11	12	13	14	15	16	17	18
				(e)	Rs.	Rs.	
...	...	...	...	94	3,096	3,096	(a) The brewery was opened in December 1896, but no duty was levied until 1st January 1898.
...	...	...	...	82	3,715	3,715	
...	...	...	...	63	3,971	3,971	(b) Still-head duty levied at the place of manufacture, Shahjahanpur. The duty on exports to the Central Provinces was raised to Rs. 5 in 1900-01.
...	...	...	...	60	3,775	3,775	
...	...	...	...	68	3,812	3,812	
...	...	...	...	69	3,853	3,853	(c) In Finance and Commerce Department letter No. 597-A, dated 9th February 1899, an adjustment of Rs. 7,500 was made from Provincial to Imperial on account of duty on rum likely to be imported into the Province under bond from Shahjahanpur. As the system of imports under bond did not come into operation in that year, a readjustment was made in Finance and Commerce Department letter No. 5462-A, dated 23rd October 1901, by transferring the same amount from Imperial to Provincial together with Rs. 1,812 on account of duty realized by the N.-W. P. Government at the enhanced rate of Rs. 5 per gallon proof on actual exports to the Central Provinces on prepayment of duty during the year, and in Finance and Commerce letter No. 5168-A, dated 30th September 1902, a further sum of Rs. 2,529 was adjusted from Imperial to Provincial on account of exports during 1901-02. These adjustments, however, were ordered to be discontinued from 1902-03 in Government of India letter No. 3187-A, Finance and Commerce, dated 12th June 1902.
...	...	...	...	77	3,578	3,578	
...	...	...	...	78	4,245	4,245	
...	...	...	...	66	4,078	4,078	
...	...	...	...	68	4,584	4,584	
...	...	...	...	68	4,734	4,734	
...	...	...	...	65	4,877	4,877	
...	...	...	24	71	4,385	4,385	
...	...	...	24	76	5,230	5,230	
...	...	...	27	82	4,892	4,892	
24	...	...	...	44	6,974	6,973	
23	...	...	...	39	6,088	6,088	
26	...	...	...	42	5,829	5,829	
26	...	...	...	41	6,782	6,782	(d) Excess duty realized by Deputy Commissioners on rum imported without payment of the full duty.
30	...	...	...	44	7,400	7,400	
31	...	...	...	48	8,161	8,161	(e) Details up to 1881-82 are not available.
31	...	...	...	47	7,571	7,571	
31	...	1	...	46	7,315	7,315	
33	14	4	...	66	7,667	7,667	
31	15	3	...	63	7,574	7,574	
31	11	3	...	61	8,984	8,984	
35	10	5	...	64	7,666	7,666	
35	34	5	...	90	7,407	7,407	
37	34	5	...	89	6,869	12,673	
39	53	5	11	110	8,873	22,458	
39	32	6	9	89	9,591	23,536	
38	27	6	12	87	8,299	22,789	
39	26	5	13	87	10,540	20,088	
39	41	5	13	103	9,248	17,051	

STATEMENT No. XIII.

Statement of licenses granted for sale of foreign liquors and the revenue derived therefrom in Berar.

Year.	SHAHJAHANPUR RUM.			Number of LICENSES ISSUED.					Revenue from license fees.	Total revenue from foreign liquor.
	Quantity imported.	Rate of duty.	Duty collected in Berar.	Wholesale.	Retail.	Hotel.	Railway refreshment room.	Total.		
1	2	3	4	5	6	7	8	9	10	11
									Rs.	Rs.
1875-76 ...	...	Rs. 4 per gallon proof credited to the United Provinces Government.		3	17	...	...	20	4,124	4,124
1876-77 ...	...			2	18	...	...	20	7,007	7,007
1877-78 ...	...			1	18	...	...	19	6,416	6,416
1878-79 ...	...			...	19	...	...	19	2,066	2,066
1879-80 ...	...			1	17	...	...	18	1,616	1,616
1880-81 ...	...			1	18	...	...	19	1,666	1,666
1881-82 ...	...			7	8	...	...	15	1,341	1,341
1882-83 ...	...			...	15	...	...	15	1,425	1,425
1883-84 ...	...			...	16	...	...	16	1,445	1,445
1884-85 ...	...			...	14	...	..	14	1,400	1,400
1885-86 ...	...			...	13	...	...	13	1,300	1,300
1886-87 ...	...			...	13	...	...	13	1,300	1,300
1887-88 ...	...			...	13	...	...	13	1,300	1,300
1888-89 ...	...			...	14	...	...	14	1,317	1,317
1889-90 ...	...			...	18	...	...	18	1,725	1,725
1890-91 ...	...			...	17	...	...	17	1,650	1,650
1891-92 ...	...			...	18	...	...	18	1,800	1,800
1892-93 ...	...			...	19	...	...	19	1,850	1,850
1893-94 ...	...			...	18	1	3	22	2,100	2,100
1894-95 ...	...			1	18	1	1	21	1,916	1,916
1895-96 ...	...			...	16	1	...	17	1,650	1,650
1896-97 ...	...			...	18	1	..	19	2,217	2,217
1897-98 ...	...			...	20	1	...	21	1,350	1,350
1898-99 ...	...			...	16	1	2	19	2,275	2,455
1899-00 ...	...			...	15	1	2	18	1,125	2,671
1900-01 ...	...			...	19	1	2	22	3,550	5,001
1901-02 ...	...			...	18	1	2	21	2,100	3,553
1902-03 ...	...			...	18	1	2	21	3,125	4,915
1903-04 ...	...			...	29	3		32	3,250	5,424

Note.— Column 10—From 1875-76 to 1892-93 the figures in this column are those of demand, while those for the remaining years are of actual receipts.

STATEMENT No. XIV.

Comparative Statement showing the rise and fall of the Tari Revenue (receipts) in the districts of the Central Provinces.

YEAR.	NAGPUR.			BHANDARA.			CHANDA.			WARDHA.			BALAGHAT.			JUBBULPORE.			SAUGOR.			DAMOH.			SEONI.			MANDLA.			BETUL.		
	Revenue		No. of shops.	Revenue		No. of shops.	Revenue		No. of shops.	Revenue		No. of shops.	Revenue		No. of shops.	Revenue		No. of shops.	Revenue		No. of shops.	Revenue		No. of shops.	Revenue		No. of shops.	Revenue		No. of shops.			
	P.	T.		P.	T.		P.	T.		P.	T.		P.	T.		P.	T.		P.	T.		P.	T.		P.	T.		P.	T.		P.	T.	P.
1870-71	12,448	(a)	(a)	Rs.	928	(a)	(a)	Rs.	27,750	(a)	(a)	Rs.	(a)	(a)	Rs.	128	(a)	(a)	Rs.	329	(a)	(a)	Rs.	(a)	(a)	Rs.	(a)	(a)	Rs.	348	(a)		
1871-72	9,788	...	...	5	...	...	...	422	...	...	...	28,245	...	...	105	...	...	...	821	...	...	...	...	...	...	...	...	...	...	...	...		
1872-73	9,320	...	...	10	...	...	...	998	...	...	...	28,823	...	...	115	...	...	...	381	...	...	...	...	...	...	...	...	...	...	...	...		
1873-74	10,810	...	...	15	...	...	...	1,678	...	...	...	32,965	...	...	350	...	...	...	873	...	...	...	...	...	...	...	...	...	...	...	...		
1874-75	18,425	...	...	48	...	...	...	2,824	...	...	...	32,250	...	...	...	...	...	...	426	...	...	...	...	...	...	...	...	...	...	...	...		
1875-76	15,855	152	...	46	1	...	...	1,671	38	...	...	28,310	429	...	616	1	...	...	651	3	...	...	...	...	...	...	...	...	...	...	...		
1876-77	11,420	159	...	60	1	...	...	2,258	58	...	...	25,627	14	...	375	1	...	...	702	3	...	...	...	...	...	...	...	...	...	...	...		
1877-78	8,539	159	...	37	1	...	...	1,776	26	...	...	24,643	473	...	375	1	...	...	722	3	...	...	...	...	...	...	...	...	...	...	...		
1878-79	3,462	(a)	(a)	Rs.	12,759	(a)	(a)	Rs.	31,587	(a)	(a)	Rs.	(a)	(a)	Rs.	375	(a)	(a)	Rs.	722	(a)	(a)	Rs.	(a)	(a)	Rs.	(a)	(a)	Rs.	261	(a)		
1879-80	3,587	...	...	193	...	...	...	3,127	...	...	...	42,288	...	...	375	...	...	...	408	...	...	...	...	...	...	...	...	...	...	...	...		
1880-81	9,616	(a)	(a)	(a)	...	...	...	2,560	...	...	...	33,005	...	...	319	...	...	...	926	...	...	...	...	...	...	...	...	...	...	...	...		
1881-82	2,698	...	...	...	...	...	...	1,595	...	...	...	25,380	...	...	700	...	...	...	505	...	...	...	...	...	...	...	...	...	...	...	...		
1882-83	4,031	184	...	35	3	...	...	1,387	67	...	...	23,976	428	...	700	4	...	...	635	3	...	...	...	...	...	...	...	...	...	...	...		
1883-84	4,707	184	...	323	3	...	...	1,872	69	...	...	24,549	434	...	700	4	...	...	300	3	...	...	...	...	...	...	...	...	...	...	...		
1884-85	4,710	184	...	146	3	...	...	1,421	69	...	...	24,493	426	5	525	4	...	...	650	3	...	...	...	...	...	...	...	...	...	...	...		
1885-86	4,741	184	...	117	3	...	...	2,080	110	...	...	22,373	426	8	525	4	...	...	459	3	...	...	...	...	...	...	...	...	...	...	...		
1886-87	4,725	185	...	196	3	...	...	2,785	159	...	...	20,542	431	9	525	4	...	...	343	3	...	...	...	...	...	...	...	...	...	...	...		
1887-88	4,344	185	...	126	3	...	...	2,879	123	...	...	21,400	431	9	525	4	...	...	125	3	...	...	...	...	...	...	...	...	...	...	...		
1888-89	4,944	185	...	81	3	...	...	2,038	123	...	...	18,000	431	6	525	4	...	...	66	3	...	...	...	...	...	...	...	...	...	...	...		
1889-90	4,944	185	...	20	3	...	...	2,418	117	...	...	11,368	431	6	400	4	...	...	90	3	...	...	...	...	...	...	...	...	...	...	...		
1890-91	4,944	185	...	90	3	...	...	3,490	113	...	...	9,319	431	6	400	4	...	...	17	(a)	...	...	...	...	...	...	...	...	...	...	...		
1891-92	4,344	185	...	63	3	...	...	3,537	86	...	...	9,932	431	6	400	4	...	...	52	3	...	...	...	...	...	...	...	...	...	...	...		
1892-93	4,344	185	...	47	2	...	...	2,930	85	...	...	18,071	411	6	400	4	...	...	37	3	...	...	...	...	...	...	...	...	...	...	...		
1893-94	3,955	181	...	81	2	...	...	2,290	81	...	...	12,832	392	2	400	4	...	...	(a)	...	...	...	...	...	...	...	...	...	...	...	...		
1894-95	4,350	131	...	305	2	...	...	2,004	73	...	...	13,267	402	2	400	4	...	...	69	3	...	...	...	...	...	...	...	...	...	...	...		
1895-96	4,000	131	...	417	2	...	...	2,405	56	...	...	11,000	400	2	400	4	...	...	148	4	...	...	...	...	...	...	...	...	...	...	...		
1896-97	4,183	131	...	183	1	...	...	2,118	56	...	...	12,000	400	2	200	4	...	...	220	4	...	...	...	...	...	...	...	...	...	...	...		
1897-98	4,571	131	...	(a)	(a)	...	...	2,169	57	...	...	12,500	361	2	200	(a)	...	...	125	4	...	...	...	...	...	...	...	...	...	...	...		
1898-99	4,074	130	...	...	...	...	...	1,883	53	...	...	11,500	360	2	(a)	...	...	...	56	4	...	...	...	...	...	...	...	...	...	...	...		
1899-00	4,611	136	...	...	...	...	...	1,784	54	...	...	12,000	360	2	...	...	...	...	19	1	...	...	...	...	...	...	...	...	...	...	...		
1900-01	4,611	136	...	...	...	...	...	2,775	54	...	...	12,500	360	2	...	...	...	...	17	1	...	...	...	...	...	...	...	...	...	...	...		
1901-02	5,000	136	...	...	...	...	...	2,902	54	...	...	13,500	360	2	...	...	...	...	11	1	...	...	...	...	...	...	...	...	...	...	...		
1902-03	5,000	133	...	...	...	...	...	2,152	54	...	...	14,533	360	2	...	...	...	...	5	1	...	...	...	...	...	...	...	...	...	...	...		
1903-04	6,000	133	...	...	...	...	...	2,070	69	...	...	14,092	362	2	...	...	...	...	(a)	(a)	...	...	...	...	...	...	...	...	...	...	...		

(a) Figures not available.

STATEMENT No. XIV.

Comparative Statement showing the rise and fall of the Tari Revenue (receipts) in the districts of the Central Provinces—(continued).

Year.	CHHINDWARA.			HOSHANGABAD.			NARSINGHPUR.			NIMAR.			RAIPUR.			BILASPUR.			SAMBALPUR.			UPPER GODAVARI.			TOTAL.		
	Revenue.		No. of shops.	Revenue.		No. of shops.	Revenue.		No. of shops.	Revenue.		No. of shops.	Revenue.		No. of shops.	Revenue.		No. of shops.	Revenue.		No. of shops.	Revenue.		No. of shops.	Revenue.		No. of shops.
	P.	T.		P.	T.		P.	T.		P.	T.		P.	T.		P.	T.		P.	T.		P.	T.		P.	T.	
1870-71 ...	Rs. 37	(a)	(a)	Rs. 225	(a)	(a)	Rs. 120	(a)	(a)	Rs. 2,398	(a)	(a)	Rs. (a)	(a)	(a)	Rs. (a)	(a)	(a)	Rs. 200	(a)	(a)	Rs. 511	(a)	(a)	Rs. 45,507	(a)	(a)
1871-72 ...	14	...	...	138	...	...	111	...	...	1,326	...	...	...	...	...	...	...	...	185	...	...	502	...	...	42,185	...	...
1872-73 ...	6	...	...	76	...	...	108	...	...	1,476	...	...	...	...	...	...	...	...	215	...	...	395	...	...	42,443	...	...
1873-74 ...	95	...	...	118	...	...	72	...	...	733	...	...	...	...	...	...	...	...	(a)	...	...	423	...	...	48,675	...	...
1874-75 ...	120	...	...	217	...	...	168	...	...	708	...	...	...	...	...	...	...	...	25	...	...	493	...	...	56,821	...	...
1875-76 ...	102	2	...	163	3	...	84	1	...	540	28	...	...	...	...	...	...	...	110	...	...	211	12	...	48,713	692	...
1876-77 ...	181	2	...	122	5	...	84	1	...	1,780	30	...	...	...	...	...	...	...	142	1	...	277	11	...	43,276	307	...
1877-78 ...	125	2	...	67	5	...	117	2	...	1,253	30	...	...	...	...	...	...	...	55	...	...	202	11	...	38,222	735	...
1878-79 ...	132	(a)	...	137	(a)	...	90	(a)	...	1,518	(a)	...	...	...	...	...	...	...	21	(a)	...	(a)	...	...	41,275	(a)	...
1879-80 ...	750	...	...	73	...	...	66	...	...	1,469	...	...	...	...	...	...	...	...	81	...	...	...	...	...	52,825	...	...
1880-81 ...	26	...	...	206	...	...	159	...	...	2,115	...	...	...	...	...	...	...	...	190	...	...	...	...	...	49,608	...	...
1881-82 ...	133	...	...	148	...	...	155	...	...	2,295	...	...	...	...	...	...	...	...	201	...	...	...	...	...	35,398	...	...
1882-83 ...	147	17	...	193	3	...	102	3	...	2,155	53	...	...	...	...	...	...	...	250	139	...	...	...	...	34,205	922	...
1883-84 ...	62	17	...	220	4	...	150	3	...	990	53	...	...	...	...	...	...	...	315	165	...	...	...	...	34,607	957	...
1884-85 ...	92	17	...	143	3	...	96	3	...	533	53	...	...	...	...	...	...	...	279	146	...	...	...	...	33,367	928	...
1885-86 ...	(a)	(a)	...	378	4	...	48	2	...	2,023	55	...	...	...	...	...	...	...	446	146	...	...	...	...	33,587	954	...
1886-87 ...	...	...	...	299	4	...	30	2	...	1,108	57	...	...	...	...	...	...	...	386	153	...	...	...	...	31,185	1020	...
1887-88 ...	...	...	...	312	4	...	48	2	...	1,638	56	...	...	...	...	...	...	...	291	153	...	...	...	...	31,982	986	...
1888-89 ...	...	...	...	317	4	...	(a)	(a)	...	1,791	56	...	...	...	...	...	...	...	320	153	...	...	...	...	28,255	983	...
1889-90 ...	...	...	...	317	4	...	15	1	...	1,432	56	...	...	...	...	...	...	...	37	153	...	...	...	...	21,335	973	...
1890-91 ...	...	...	...	145	3	...	22	2	...	1,167	56	...	...	...	...	...	...	...	(a)	(a)	...	...	...	...	19,843	519	...
1891-92 ...	...	...	...	147	4	...	23	2	...	1,010	2	...	...	...	...	...	...	...	48	...	...	...	...	...	19,592	721	...
1892-93 ...	...	...	...	133	4	...	25	2	...	1,250	2	...	...	...	...	...	...	...	599	52	...	...	...	...	27,832	751	...
1893-94 ...	...	...	...	84	4	...	23	2	...	1,361	2	...	...	...	...	...	...	...	546	73	...	...	...	...	21,608	742	...
1894-95 ...	...	...	...	135	4	...	29	2	...	1,201	2	...	...	...	...	...	...	...	544	73	...	...	...	...	22,397	697	...
1895-96 ...	...	...	...	140	4	...	15	1	...	1,375	2	...	...	...	...	...	...	...	676	73	...	...	...	...	20,624	679	...
1896-97 ...	...	...	...	105	4	...	14	1	...	1,185	2	...	...	...	...	...	...	...	668	73	...	...	...	...	20,947	677	...
1897-98 ...	...	...	...	(a)	(a)	...	13	1	...	840	2	...	...	...	...	...	...	...	681	93	...	...	...	...	21,230	654	...
1898-99 ...	...	...	...	...	...	...	740	2	...	740	2	...	...	...	...	...	...	...	1,098	45	...	...	...	...	19,402	596	...
1899-00 ...	...	...	...	...	...	...	15	1	...	740	2	...	...	...	...	...	...	...	1,123	45	...	...	...	...	20,292	599	...
1900-01 ...	...	...	...	...	...	...	19	1	...	730	2	...	...	...	...	...	...	...	1,206	45	...	...	...	...	21,856	599	...
1901-02 ...	...	...	...	...	...	...	17	1	...	1,089	2	...	...	...	...	...	...	...	801	45	...	...	...	...	23,410	590	...
1902-03 ...	...	...	...	...	...	...	8	1	...	809	2	...	...	...	...	...	...	...	1,681	45	...	...	...	...	24,278	590	...
1903-04 ...	...	...	...	...	...	...	12	1	...	582	2	...	...	...	...	...	...	...	1,739	46	...	...	...	...	24,495	613	...

(a) Figures not available.

(b) This figure includes no payment on account of the contract for the Nagpur tahsil which was leased with the country spirit contract and which yielded Rs. 7,700 in 1880-81.

(c) Of these only two were worked during the year.

STATEMENT NO. XV.

Comparative Statement showing the rise and fall of the Tari Revenue in the districts of Berar.

Year.	AMRAOTI.		AKOLA.		ELLICHPUR.		BULDANA.		WUN.		BASIM.		TOTAL.	
	Revenue.	No. of shops.	Revenue.	No. of shops.	Revenue.	No. of shops.	Revenue.	No. of shops.	Revenue.	No. of shops.	Revenue.	No. of shops.	Revenue.	No. of shops.
	Rs.		Rs.		Rs.		Rs.		Rs.		Rs.		Rs.	
1876-77 ...	(a)	(c)	(a)	(c)	324 (b)	(c)	2,005	46	2,601	159	10,206	254	15,136	459
1877-78 ...	(a)	(c)	(a)	(c)	338 (b)	(c)	1,150	42	2,294	165	13,534	253	17,316	460
1878-79 ...	19,725	314	9,950	75	5,760	41	1,072	54	7,471	345	15,671	152	59,649	981
1879-80 ...	18,350	314	8,555	74	5,000	41	3,490	70	4,842	149	16,165	186	56,402	834
1880-81 ...	17,630	313	6,155	74	2,161	102	1,392	71	9,400	154	15,680	210	52,418	924
1881-82 ...	14,705	313	4,255	74	1,886	109	1,319	71	6,825	156	13,556	217	42,546	940
1882-83 ...	18,565	311	7,725	89	1,986	108	1,250	73	6,110	158	14,150	217	49,786	956
1883-84 ...	18,190	311	6,075	89	2,940	108	1,250	69	6,160	158	17,150	218	51,765	953
1884-85 ...	16,080	311	2,425	89	2,701	116	1,311	70	5,260	158	15,100	225	42,877	969
1885-86 ...	14,615	311	2,650	89	1,850	116	1,372	70	3,860	158	8,750	226	33,097	970
1886-87 ...	15,200	311	4,075	90	2,650	116	1,328	70	2,555	158	21,825	242	47,633	987
1887-88 ...	15,530	311	6,935	90	2,250	115	969	70	2,985	158	16,800	242	45,469	986
1888-89 ...	20,200	311	4,875	91	1,810	115	1,110	70	4,310	158	16,125	242	48,430	987
1889-90 ...	16,035	311	6,750	91	1,650	115	1,902	70	4,800	158	14,800	242	45,037	987
1890-91 ...	17,700	311	7,150	91	1,885	115	925	70	4,855	158	13,450	243	45,965	987
1891-92 ...	19,000	311	7,825	91	1,215	115	895	63	4,520	158	12,225	242	45,680	980
1892-93 ...	18,645	311	9,500	91	1,140	115	790	56	4,215	158	11,425	242	45,715	973
1893-94 ...	21,725	311	7,375	91	1,850	115	573	56	2,585	158	9,000	242	43,108	973
1894-95 ...	22,025	311	5,285	91	1,325	114	673	56	3,735	158	7,775	242	40,818	972
1895-96 ...	15,865	311	2,740	91	1,555	114	746	56	2,415	158	6,600	242	29,921	972
1896-97 ...	21,392	310	5,452	91	2,130	114	602	56	3,234	158	6,887	242	39,697	971
1897-98 ...	18,691	310	7,804	91	1,742	114	869	56	2,236	158	7,983	242	39,325	971
1898-99 ...	19,882	310	5,128	91	1,174	114	517	56	2,442	158	10,596	242	39,739	971
1899-00 ...	13,133	310	2,543	91	1,332	80	506	56	2,886	158	5,520	242	25,920	937
1900-01 ...	12,780	310	2,914	91	1,793	76	280	56	2,296	158	4,180	242	24,243	933
1901-02 ...	12,344	310	3,694	88	1,344	75	321	56	559	158	3,197	242	21,459	929
1902-03 ...	10,846	310	2,181	88	1,383	75	331	56	572	158	3,346	242	18,662	929
1903-04 ...	11,359	310	2,705	88	1,297	75	360	56	984	158	3,975	242	20,680	929

(a) Separate figures for *tari* are not available.

(b) These amounts represent sums bid for *tari* shops at places where there were no spirit shops.

(c) Figures not available.

NOTE.—Figures of receipts are available only for the years 1893-94 to 1903-04. For the remaining years the demand is given.

Statement of Ganja Cultivation, Consumption and

Year.	Number of cultivating licenses granted.	Area for which granted.	Area cultivated.	Quantity of ganja deposited in the store-house.	Quantity of ganja exported.	Quantity of Sanawad ganja for which transport passes were granted.	QUANTITY OF ganja ISSUED FOR CONSUMPTION IN THE PROVINCE IN		Quantity of bhang imported and issued.	RATE OF DUTY ON		DUTY COLLECTED ON ISSUES OF	
							Khalsa.	Zamindaris and Feudatory States.		Ganja.	Bhang.	Ganja.	Bhang.
1	2	3	4	5	6	7	8	9	10	11	12	13	14
		Acres.	Acres.	Maunds.	Maunds.	Maunds.	Seers.	Seers.	Seers.	Rs. a. p.	Rs. a. p.	Rs.	Rs.
1870-71 ...	No licenses were granted.	Figures not available.	..	...	...	...	...	...	...	...	...	...	...
1871-72 ...			...	...	...	...	...	...	...	...	...	...	...
1872-73 ...			...	...	...	...	...	...	...	...	...	...	...
1873-74 ...			1,064	...	...	...	...	...	...	...	...	...	...
1874-75 ...			738	...	...	...	...	...	...	...	...	...	...
1875-76 ...	530	(a)	713	...	...	...	...	...	...	...	...	...	...
1876-77 ...	641	Not available.	1,129	2,555	5,920	...	...	...	...	...	...	...	...
1877-78 ...	951		1,910	3,157	7,986	...	...	...	...	...	...	...	...
1878-79 ...	818		1,285	8,708	2,578	...	34,400	...	...	...	...	...	...
1879-80 ...	Not available.	Figures not available.	252	...	Not available.	...	23,946	...	...	(c)	...	59,128	...
1880-81 ...			437	...	...	...	33,539	...	...	2 0 0	...	64,356	...
1881-82 ...			78	...	1,349	...	34,788	...	...	2 0 0	...	67,893	...
1882-83 ...	506	925	925	4,025	2,240	...	23,984	2,040	431	2 0 0	(d) 2 0 0	51,126	851
1883-84 ...	590	1,144	1,144	6,356	5,551	...	30,292	3,200	389	2 0 0	2 0 0	59,664	770
1884-85 ...	1,277	2,881	2,881	9,451	4,789	...	33,819	5,000	460	2 0 0	2 0 0	66,123	923
1885-86 ...	1,637	4,170	4,170	18,972	13,380	...	40,217	6,831	373	2 0 0	2 0 0	77,508	747
1886-87 ...	510	931	931	9,290	6,052	...	34,548	7,211	430	2 0 0	2 0 0	69,473	860
1887-88 ...	444	840	525	4,750	4,227	...	33,234	5,747	419	2 0 0	2 0 0	65,244	838
1888-89 ...	591	1,306	940	9,827	5,052	...	37,652	7,280	466	2 0 0	2 0 0	74,191	973
1889-90 ...	709	1,505	992	11,166	7,933	...	38,833	8,360	418	2 0 0	2 0 0	74,836	838
1890-91 ...	408	833	521	7,224	4,108	...	40,763	8,920	414	2 0 0	2 0 0	78,204	831
1891-92 ...	474	1,112	653	6,685	3,916	...	46,356	9,655	489	2 0 0	2 0 0	88,613	980
1892-93 ...	697	1,612	984	6,686	4,233	...	47,772	10,934	512	2 0 0	2 0 0	91,629	1,086
1893-94 ...	860	2,123	1,676	10,704	3,638	...	48,615	12,448	535	2 0 0	2 0 0	93,952	1,054
1894-95 ...	373	755	431	3,869	1,610	...	44,228	9,566	497	2 0 0	2 0 0	84,773	955
1895-96 ...	287	671	398	5,234	1,537	...	39,576	9,066	507	2 0 0	2 0 0	76,205	1,014
1896-97 ...	140	312	182	2,031	1,288	100	25,206	6,315	704	3 0 0	1 0 0	72,741	730
1897-98 ...	95	207	131	1,870	438	—	24,393	5,618	827	3 0 0	1 0 0	69,674	783
1898-99 ...	181	421	265	3,273	615	110	28,300	3,919	1,275	3 0 0	1 0 0	81,833	1,259
1899-00 ...	205	480	254	1,576	459	1,480	29,131	3,800	1,346	3 0 0	1 0 0	84,921	1,409
1900-01 ...	233	564	320	3,584	310	4,958	26,241	3,794	1,327	3 0 0	1 0 0	76,316	1,341
1901-02 ...	53	141	76	805	328	1,187	23,964	2,957	1,595	4 0 0	1 0 0	95,502	1,606
1902-03 ...	111	257	148	2,494	348	3,030	25,592	2,799	2,252	4 0 0	1 0 0	1,02,527	2,271
1903-04 ...	140	348	147	2,121	389	100	31,014	2,928	2,574	4 0 0	1 0 0	1,20,857	2,496

(a) Licenses for cultivation granted in the Chhattisgarh division only.

(b) Estimated produce or outturn.

(c) The duty varied in different districts in this year.

(d) Foreign bhang was taxed for the first time in 1879-80, but statistics are not available till 1882-83. The rate first fixed was Rs. 8 per maund, but in July of the same year it was raised to Rs. 8 per maund less than that charged for ganja. On local bhang, i.e., refuse ganja, a duty of 3 annas per seer was imposed. In 1882-83 the duty on foreign bhang was fixed at Rs. 2 per seer and reduced from 1st April 1896 to Re. 1 per seer.

No. XVI.

Revenue in the Central Provinces.

Fees for cultivating licenses.	Ganja Godown fees collected.	RETAIL LICENSE FEES ON ACCOUNT OF		Net revenue derived from whole-sale vendors on account of <i>ganja</i> .	Net revenue derived from sales to Feudatories and zamindaris.	Total revenue.	NUMBER OF SHOPS.					Issues of <i>ganja</i> per shop.	Incidence of license fees per maund.	Total population of Khalsa.	Consumption per head.	
		Ganja.	Majum.				Ganja.		Bhang.	Majum.						
							P.	T.		P.	P.					T.
15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.						Seers.	Rs.		Grains.	
...	...	{ (h) }	...	...	...	72,118	...	...	...	...	...	...	...	...	...	
...	...		...	...	...	...	70,713	...	...	...	...	...	...	...	...	...
...	...		...	...	...	...	55,824	987	...	{ (j) }	...	...	...	...	...	...
...	...	50,708	...	...	...	50,708	1,133	...	...		...	...	...	...	...	...
819	...	56,264	...	...	...	57,083	1,261	...	...		...	...	...	...	...	...
807	...	54,246	...	...	...	55,053	1,254	...	...	...	...	...	...	...	...	
1,630 (e)	...	58,996	...	...	...	60,626	1,124	...	{ (j) }	...	...	...	...	...	...	
4,857	...	64,406	...	...	...	69,263	1,206	...		...	...	...	...	...	...	...
1,727	...	81,417	...	...	...	83,144	1,206	...		...	...	...	28.5	94.6	8,173,824	60.6
...	No fees were levied.	30,809	...	...	...	89,937	1,223	...	...	...	...	19.5	51.2	...	42.1	
...		28,495	...	...	...	92,851	1,227	...	...	...	...	25.9	33.3	...	59.0	
...		29,344	...	...	...	97,237	1,014	...	...	...	...	34.3	33.7	...	50.9	
...		50,920	632	11,415	...	1,14,944	814	...	14	17	...	28.9	84.8	...	35.1	
...		57,557	632	10,584	3,063	1,32,270	851	...	16	20	...	35.6	76.0	...	44.3	
...		81,862	804	12,629	4,304	1,66,645	921	...	15	19	...	36.7	96.7	...	49.4	
...		99,391	1,152	13,881	6,410	1,99,089	956	...	14	21	...	42.0	98.8	...	58.8	
...		1,26,101	1,500	14,758	6,364	2,19,056	1,026	...	14	21	...	33.6	145.9	...	50.5	
...		1,500 (f)	1,08,633	1,096	14,716	5,327	1,97,354	1,026	...	15	21	...	32.3	130.7	...	48.6
...		8,674 (g)	1,08,579	951	15,475	7,502	2,16,345	1,081	...	13	22	...	34.8	115.3	...	55.1
...		14,128	1,10,709	977	15,060	7,819	2,24,367	1,078	...	13	23	...	36.0	114.0	...	56.8
...		8,255	1,14,755	838	17,953	7,378	2,28,214	1,081	...	12	24	...	37.7	112.6	...	59.6
...		8,051	1,17,350	783	21,525	7,444	2,44,746	1,053	...	12	25	...	43.9	101.5	10,784,294	61.7
...		7,291	1,37,457	1,075	23,584	8,418	2,70,640	1,047	...	15	36	...	45.6	115.1	...	63.7
...		7,451	1,45,983	975	27,347	8,818	2,85,580	945	438	28	13	25	51.4	120.1	...	64.9
...	5,072	1,49,214	895	22,793	6,725	2,70,427	948	347	24	12	57	46.6	134.9	...	59.0	
...	4,498	1,39,265	981	20,697	6,842	2,49,502	960	318	25	12	57	41.2	140.8	...	52.8	
...	3,925	96,587	423	13,683	5,557	1,93,646	960	200	26	12	45	26.2	153.3	...	33.6	
...	1,589	76,720	740	12,957	4,283	1,66,746	940	202	27	11	36	25.9	125.7	...	32.5	
...	2,098	81,592	759	10,162	4,036	1,81,739	939	209	35	12	78	30.1	115.3	...	37.7	
...	1,551	84,239	322	9,594	4,634	1,86,670	943	202	35	13	77	30.9	115.7	...	38.9	
...	1,250	81,296	269	6,659	3,171	1,70,302	953	210	38	13	76	27.5	123.9	9,876,646	38.2	
...	1,435	70,349	227	5,066	5,232	1,79,417	962	210	36	13	76	24.9	117.4	...	31.9	
...	1,168	77,465	218	6,560	5,206	1,95,415	1,020	270	37	13	80	25.0	121.0	...	37.7	
...	1,199	79,776	130	8,545	6,154	2,19,157	1,004	275	38	13	65	29.8	106.3	...	43.7	

(e) Includes amount levied at punitive rates for unlicensed cultivation.

(f) Permit and storage fees for four months from December to March 1888.

(g) Includes permit, storage and registration fees and miscellaneous receipts of the *ganja* godown.

(h) Though it is not so recorded, it appears that the realizations shown in column 21 for the first three years were all on account of retail license fees.

(i) Wholesale license fees.

(j) No separate licenses seem to have been granted for the vend of *bhang* and *majum* in these years.

STATEMENT

Statement of Ganja Cultivation,

Year.	Number of cultivating licenses granted.	Area for which granted.	Area cultivated.	QUANTITY ISSUED FOR CONSUMPTION IN THE PROVINCE.			RATE OF DUTY ON		DUTY COLLECTED ON THE ISSUES OF		
				Ganja.	Local bhang.	Foreign bhang.	Ganja.	Foreign bhang.	Ganja.	Local bhang.	Foreign bhang.
1	2	3	4	5	6	7	8	9	10	11	12
		Acres.	Acres.	Seers.	Seers.	Seers.	Rs.	Rs.	Rs.	Rs.	Rs.
1875-76 ...	5	Not available.		...	...	...	...	...	...	...	...
1876-77 ...	21	...	...	...	...	...	...	...	...	...	...
1877-78 ...	25	85	85	...	...	...	...	...	...	...	...
1878-79 ...	36	94	94	...	...	...	...	...	...	...	...
1879-80 ...	88	241	241	...	...	...	...	...	...	...	...
1880-81 ...	53	139	139	...	...	...	...	...	...	...	...
1881-82 ...	...	143	143	...	...	...	...	...	...	...	...
1882-83 ...	52	89	89	...	...	...	...	...	...	...	...
1883-84 ...	53	87	87	...	...	...	...	...	...	...	...
1884-85 ...	48	80	80	(a) 25,770	...	...	...	...	...	...	...
1885-86 ...	90	106	106	28,880	...	...	...	...	...	...	...
1886-87 ...	Not available.		58	30,296	...	...	...	...	...	...	...
1887-88 ...	32	...	38	35,543	...	...	...	...	...	...	...
1888-89 ...	57	...	67	30,558	...	...	...	...	...	...	...
1889-90 ...	52	...	60	33,523	...	...	...	...	...	...	...
1890-91 ...	Not available.		35	30,000	...	...	...	...	...	...	...
1891-92 ...	30	...	46	37,583	...	...	...	...	...	...	...
1892-93 ...	54	...	85	32,041	...	...	...	...	...	...	...
1893-94 ..	Not available.		48	29,446	...	...	...	...	...	...	...
1894-95 ...	...	...	29	26,231	...	...	...	...	...	...	...
1895-96 ...	...	...	34	26,911	...	...	...	...	...	...	...
1896-97 ...	...	...	31	26,659	...	...	...	...	...	...	...
1897-98 ...	...	...	11	23,783	...	...	...	...	...	...	...
1898-99 ...	...	...	...	(b) 4,758	...	...	3 0 0	1 0 0	14,311	...	...
1899-00 ...	...	...	...	4,957	(c) 1,967	146	3 0 0	1 0 0	15,217	(d) 234	170
1900-01 ...	...	...	...	3,771	281	155	3 0 0	1 0 0	13,013	166	155
1901-02 ...	...	...	...	5,454	510	203	4 0 0	1 0 0	19,635	338	203
1902-03 ...	...	...	...	5,171	619	249	4 0 0	1 0 0	20,291	158	249
1903-04 ...	...	...	...	6,460	Not available.	324	4 0 0	1 0 0	26,529	Not available.	324

No. XVII.

Consumption and Revenue in Berar.

Cultivating license fees.	Retail license fees.	Total revenue.	NUMBER OF SHOPS.		Issues of ganja per shop.	Incidence of license fees per maund.	Population.	Consumption per head.	REMARKS.
			Ganja.	Bhang.					
13	14	15	16	17	18	19	20	21	22
Rs.	Rs.	Rs.			Seers.			Grains.	
Not avail- able.	...	...	...	...	...	...	...	...	(a) Includes cleaned and uncleaned ganja up to the year 1897-98.
...	...	...	...	...	...	...	...	...	(b) First year of the introduc- tion of the direct duty on ganja. The low issues from this year onwards are due to vendors taking only cleaned ganja.
...	...	...	...	...	...	...	...	...	(c) This is refuse ganja result- ing from the cleaning which was sold by auction.
...	...	...	...	...	...	...	...	...	(d) Represents the auction sale- proceeds of the refuse ganja.
416	...	...	...	...	...	...	...	...	(e) Includes fees levied in stamps in the Akola district which are not included in the Excise reports.
424	...	...	...	...	...	...	...	138.8	
810	...	...	...	...	...	...	...	155.6	
1,310	...	...	...	...	...	...	2,672,673	163.2	(f) No separate figures are available prior to 1894-95, as the opium and ganja contracts were sold together up to that year.
Not avail- able.	...	...	...	...	...	...	...	191.5	
...	...	...	...	...	...	...	...	164.6	
...	...	...	...	...	...	...	...	180.6	(g) The report for 1894-95 shows a collection of Rs. 300 on account of cultivating license fees, but this amount has not been included in the total ganja revenue of that year in Imperial form No. 1.
...	...	...	...	...	...	...	...	149.0	
...	...	...	586	...	64.1	...	...	186.7	
...	...	...	484	...	66.2	...	...	159.2	
480	(f)	...	478	...	61.6	...	...	146.3	
300	20,025	(g) 20,025	228	...	115.0	...	...	130.3	
(e) { 350	18,156	18,256	207	...	130.0	...	2,897,491	133.7	
310	21,727	21,837	138	...	193.0	...	...	132.5	
110	22,685	22,795	127	...	187.2	...	...	118.2	
...	13,878	28,189	163	...	29.1	116.6	...	23.6	
...	14,213	29,834	174	...	28.5	114.6	...	24.6	
...	14,971	28,305	175	19	21.5	158.8	...	19.7	
...	20,650	40,826	172	13	31.7	151.4	...	28.5	
...	22,088	42,786	164	12	31.5	170.8	2,754,016	27.0	
...	23,882	50,735	174	3	37.1	147.8	...	33.7	



STATEMENT No. XVIII.

Statement showing the consumption of ganja by districts in the Central Provinces.

DISTRICTS.	Population.		Maunds of ganja sold.		Number of persons per maund (approximate).		Number of consumers at the rate of 64 tolas per annum.		Percentage of consumers to total population.		REMARKS.
	1892-93.	1903-04.	1892-93.	1903-04.	1892-93.	1903-04.	1892-93.	1903-04.	1892-93.	1903-04.	
Nagpur	...	...	...	...	...	...	...	...	...	...	Note.—This statement is intended to bring that entered on page 142 of the Hemp Drugs Commission Report up to date.
Bhandara	...	...	...	...	...	...	...	...	...	...	
Chanda	...	...	...	...	...	...	...	...	...	...	
Wardha	...	...	...	...	...	...	...	...	...	...	
Balaghat	...	...	...	...	...	...	...	...	...	...	
Jubbulpore	...	...	...	...	...	...	...	...	...	...	
Saugor	...	...	...	...	...	...	...	...	...	...	
Damoh	...	...	...	...	...	...	...	...	...	...	
Seoni	...	...	...	...	...	...	...	...	...	...	
Mandla	...	...	...	...	...	...	...	...	...	...	
Hoshangabad	...	...	...	...	...	...	...	...	...	...	
Betul	...	...	...	...	...	...	...	...	...	...	
Chhindwara	...	...	...	...	...	...	...	...	...	...	
Narsinghpur	...	...	...	...	...	...	...	...	...	...	
Nimar	...	...	...	...	...	...	...	...	...	...	
Rajpur	...	...	...	...	...	...	...	...	...	...	
Bilaspur	...	...	...	...	...	...	...	...	...	...	
Sambalpur	...	...	...	...	...	...	...	...	...	...	
	10,001,000	9,669,833	1,194	749	8,000	13,000	59,700	37,450	6	4	

STATEMENT NO. XIX.

*Statement of Opium Consumption and Revenue in the
Central Provinces.*

STATEMENT NO. XX.

Statement of Opium Consumption and Revenue in Berar.)

Printed separately.

STATEMENT

Statement of Offences under the Excise

Year.		OFFENCES UNDER											
		Illegal manu- facture of spirit or fer- mented liquor.		Illegal intro- duction of liquor into prohibited area.		Illegal removal of spirit from a distillery without payment of duty or otherwise in contravention of distillery rules.		Other breach- es of distillery rules.		Illegal introduc- tion of spirit from beyond the limits of British India.		Illegal cultivation of hemp or preparation of intoxicating drugs.	
		Cases.	Persons.	Cases.	Persons.	Cases.	Persons.	Cases.	Persons.	Cases.	Persons.	Cases.	Persons.
1883-84	...	120	157	89	118	33	51	17	26	14	24	51	54
1884-85	...	90	129	80	109	31	38	8	8	10	13	56	72
1885-86	...	81	92	70	99	36	47	10	15	14	22	69	75
1886-87	...	88	109	137	198	17	20	21	37	17	20	40	40
1887-88	...	85	101	112	164	16	21	10	12	9	17	61	64
1888-89	...	77	98	96	146	12	19	9	15	16	20	23	28
1889-90	...	44	56	63	87	6	10	14	19	7	10	19	20
1890-91	...	72	124	52	79	8	16	26	36	1	2	25	28
1891-92	..	73	113	63	94	18	26	20	24	3	4	8	8
1892-93	...	54	129	69	94	15	22	6	7	16	17	14	14
1893-94	...	142	167	73	112	7	9	5	10	15	15	31	32
1894-95	...	88	123	63	111	7	7	6	8	16	24	25	25
1895-96	...	83	107	68	101	3	5	2	2	22	25	12	12
1896-97	...	53	61	40	61	17	24	1	1	12	16	36	41
1897-98	...	28	35	40	54	8	14	2	3	12	13	33	37
1898-99	...	79	106	81	115	9	16	16	21	28	31	46	48
1899-00	...	99	130	93	145	5	8	5	6	22	27	59	70
1900-01	...	79	100	113	138	2	3	3	3	11	15	111	129
1901-02	...	67	78	86	106	10	12	11	14	29	41	107	119
1902-03	...	128	158	132	172	5	7	4	6	34	42	101	110
1903-04	...	116	135	149	174	18	23	1	1	55	75	64	90

No. XXI.

and Opium Acts in the Central Provinces.

THE EXCISE ACT.

Illegal sale of spirits, fermented liquor or intoxicating drugs.		Permitting drunkenness, gaming in any spirit, liquor or drug shop.		Illegal possession of spirits, or fermented liquor or drug in excess of authorized retail quantities.		Refusal to produce license or breach of rule or condition of license for which breach no other penalty is provided in the Act.		Connivance at illegal manufacture or sale of spirits, fermented liquor or drugs by owners or occupiers of lands, etc.		Total.	
Cases.	Persons.	Cases.	Persons.	Cases.	Persons.	Cases.	Persons.	Cases.	Persons.	Cases.	Persons.
104	143	1	1	245	313	28	36	5	8	707	931
111	168	1	1	208	245	7	7	2	5	604	793
82	120	2	3	217	261	19	21	6	6	606	761
114	155	...	...	225	285	65	88	3	5	727	957
93	116	1	1	273	335	34	44	...	...	694	873
98	126	5	6	234	278	32	41	...	...	602	777
115	159	...	...	272	316	28	33	...	...	568	710
79	108	2	3	254	302	29	37	...	...	548	735
88	116	2	2	277	320	49	58	...	...	601	763
55	70	9	11	236	273	72	92	1	1	547	730
88	102	4	4	198	231	32	38	8	11	603	731
66	74	1	1	213	268	33	37	9	11	527	689
82	101	...	...	214	254	44	53	2	2	532	662
42	57	...	...	219	259	26	40	2	2	448	562
41	50	1	1	107	141	26	36	1	1	299	385
90	116	1	1	180	210	31	33	...	...	561	697
71	89	2	2	163	209	35	42	1	1	555	729
39	49	...	...	92	105	22	30	...	...	472	572
65	76	1	1	111	138	23	24	...	...	510	609
95	115	...	...	163	196	28	31	...	...	690	837
149	183	2	6	224	249	41	46	...	...	819	982

STATEMENT

Statement of Offences under the Excise

Year.		OFFENCES UNDER									
		Illegal cultivation of the poppy.		Illegal manufacture of <i>madak</i> .		Possession of opium other than Government opium.		Possession of opium or <i>madak</i> in excess of authorized retail quantities.		Illegal transport of opium.	
		Cases.	Persons.	Cases.	Persons.	Cases.	Persons.	Cases.	Persons.	Cases.	Persons.
1883-84	...	...	...	98	151	53	60	94	103	35	46
1884-85	...	4	4	78	125	155	195	41	51	21	31
1885-86	...	...	...	79	132	178	192	95	111	19	19
1886-87	...	3	5	72	118	209	253	36	49	24	30
1887-88	...	...	...	56	95	241	276	86	104	50	65
1888-89	...	...	...	62	97	244	257	32	39	204	227
1889-90	...	...	...	90	151	277	299	37	43	50	52
1890-91	...	...	...	90	161	313	328	41	45	2	4
1891-92	...	1	1	84	142	251	271	46	52	10	11
1892-93	...	1	1	66	103	270	296	28	32	23	41
1893-94	...	2	2	70	105	161	184	17	18	15	25
1894-95	...	...	...	59	81	163	177	30	38	11	17
1895-96	...	...	...	52	96	128	137	55	64	6	7
1896-97	...	...	...	10	14	129	136	58	70	4	4
1897-98	...	...	...	2	2	79	91	41	43	7	11
1898-99	...	1	1	9	18	112	124	67	76	3	3
1899-00	...	...	...	4	5	162	170	32	38	13	16
1900-01	...	1	1	14	14	115	120	25	31	6	8
1901-02	...	2	2	1	1	101	103	28	29	...	...
1902-03	...	...	...	4	4	113	117	52	55	17	17
1903-04	...	...	...	5	6	116	120	46	47	15	15

No XXI—(continued.)
and Opium Acts in the Central Provinces.

THE OPIUM ACT.

Sale of opium or madak without a license.		Sale of opium other than Government opium.		Sale of opium or madak in excess of authorized retail quantities.		Other breaches of license.		Total.		GRAND TOTAL.	
Cases.	Persons.	Cases.	Persons.	Cases.	Persons.	Cases.	Persons.	Cases.	Persons.	Cases.	Persons.
19	29	3	3	9	13	11	13	322	418	1,029	1,349
18	21	9	10	2	2	3	4	331	443	935	1,238
22	31	6	7	5	5	...	...	404	497	1,010	1,258
19	22	14	14	1	1	...	...	378	492	1,105	1,449
24	31	6	6	3	7	2	2	468	586	1,162	1,461
10	14	...	...	2	3	...	...	554	637	1,156	1,414
11	11	11	12	...	...	4	4	480	572	1,048	1,282
6	8	9	12	1	1	2	3	464	562	1,012	1,297
6	7	1	1	...	...	2	2	401	487	1,002	1,252
8	11	2	2	5	5	5	5	408	496	955	1,226
6	8	3	4	1	1	9	14	284	361	887	1,092
5	7	4	4	3	3	11	20	286	347	813	1,036
11	12	3	4	2	2	3	3	260	325	792	987
14	16	4	4	1	1	2	2	222	247	670	809
12	15	...	...	4	6	5	7	150	175	449	560
20	41	2	2	1	1	7	10	222	276	783	973
22	30	...	...	...	...	...	...	233	259	788	988
22	38	...	...	1	2	7	8	191	222	663	794
13	14	...	...	2	2	3	3	150	154	660	763
16	16	...	...	3	3	...	...	205	212	895	1,049
24	29	...	...	2	2	1	1	209	220	1,028	1,202

STATEMENT NO. XXII.

Statement of persons prosecuted, convicted, imprisoned and of fines imposed in the Central Provinces.

Year.	NUMBER OF PERSONS			Amount of fines imposed.	REWARDS PAID		Quantity of opium seized.	Total of columns 6 and 7.	REMARKS.
	Prose- cuted.	Convicted.	Impris- oned.		Under the Excise Act.	Under the Opium Act.			
1	2	3	4	5	6	7	8	9	10
				Rs.	Rs.	Rs.	Seers.	Rs.	
1870-71 ...	587(a)	463	11	6,399	2,081 (b)		... (c)	2,081	(a) From the years 1870-71 to 1882-83 the figures represent the number of arrests made.
1871-72 ...	849	663	17	6,949	1,906	1,127	...	3,033	
1872-73 ...	920	733	23	10,147	2,431	584	...	3,015	
1873-74 ...	999	859	11	10,383	3,657	1,397	...	5,054	
1874-75 ...	1,010	846	9	10,303	1,896	934	...	2,830	(b) No separate figures for 1870-71 or from 1879-80 to 1884-85 are available.
1875-76 ...	1,861	1,608	19	23,230	7,078	3,345	...	10,623	
1876-77 ...	2,819	2,352	30	44,793	12,474	5,999	...	18,473	(c) Figures not available for the years 1870-71 to 1883-84.
1877-78 ...	1,744	1,362	39	28,620	8,516	3,579	...	12,095	
1878-79 ...	1,380	1,167	35	26,426	14,152	1,611	...	15,763	
1879-80 ...	1,876	1,528	150	21,311	13,579 (b)		...	13,579	
1880-81 ...	1,429	1,186	110	18,991	10,083		...	10,083	
1881-82 ...	1,589	1,261	94	16,515	9,069		...	9,069	
1882-83 ...	1,212	927	220	16,480	7,799		...	7,799	
1883-84 ...	1,349	1,097	209	14,741	6,672		...	6,672	
1884-85 ...	1,242	1,027	244	12,343	8,076		105	8,076	
1885-86 ...	1,258	1,023	345	12,864	4,888	7,603	153	12,491	
1886-87 ...	1,449	1,083	297	16,818	6,097	4,514	167	10,611	
1887-88 ...	1,461	1,080	333	21,733	6,435	8,534	391	14,969	
1888-89 ...	1,414	1,190	211	16,295	6,538	9,614	271	16,152	
1889-90 ...	1,282	1,054	247	16,776	5,586	5,424	135	11,010	
1890-91 ...	1,297	1,050	228	11,780	3,937	4,016	98	7,953	
1891-92 ...	1,254	1,018	313	10,873	4,279	3,463	92	7,742	
1892-93 ...	1,226	1,000	191	14,277	5,044	3,364	108	8,408	
1893-94 ...	1,092	871	177	11,535	4,048	1,868	236	5,916	
1894-95 ...	1,036	859	193	12,389	3,511	2,598	114	6,109	
1895-96 ...	987	785	204	9,661	3,497	1,853	70	5,350	
1896-97 ...	810	688	184	7,844	2,119	1,785	67	3,904	
1897-98 ...	562	445	142	5,433	1,285	2,559	382	3,844	
1898-99 ...	973	781	171	8,486	2,840	2,566	67	5,406	
1899-00 ...	990	787	255	6,639	2,764	2,952	62	5,716	
1900-01 ...	816	647	147	6,681	2,265	1,190	17	3,455	
1901-02 ...	758	597	156	6,277	2,748	1,264	19	4,012	
1902-03 ...	1,066	874	173	10,612	3,445	2,871	51	6,316	
1903-04 ...	1,201	1,015	177	12,142	3,594	2,626	17	6,220	

STATEMENT NO. XXIII.

Statement of prosecutions in Berar under the Excise, Opium and Hemp Drugs Laws.

YEAR.	EXCISE LAW.		OPIUM LAW.		HEMP DRUGS LAW.		Total No. of persons imprisoned.	Total sum of fines imposed	REWARDS PAID TO		REMARKS.		
	Arrested.	Convicted.	Arrested.	Convicted.	Arrested.	Convicted.			Informers.	Captors.			
I	2	3	4	5	6	7	8	9	10	11	12		
1876-77	...	432	352	(a)	...	(b)	...	28	15,339	131	75	(a) The only separate figures available prior to 1894-95 are the following details of opium cases from 1881-82 to 1889-90 included under column 2.	
1877-78	...	327	264	..	...	...	..	9	3,873	85	...		
1878-79	...	221	173	...	...	...	...	1	3,737	430	29		
1879-80	...	167	132	...	...	...	...	2	3,625	246	67		
1880-81	...	259	215	...	...	...	...	15	8,515	333	152	1880-81	... 119
1881-82	...	208	166	..	...	...	...	15	3,964	790	218	1881-82	... 103
1882-83	...	165	116	...	...	...	..	18	3,351	767	501	1882-83	... 89
1883-84	...	152	116	..	...	...	...	16	2,557	792	420	1883-84	... 99
1884-85	...	158	124	...	...	...	...	17	2,354	303	332	1884-85	... 98
1885-86	...	192	143	...	...	...	...	17	3,914	522	225	1885-86	... 108
1886-87	...	175	137	...	..	...	...	9	2,694	577	182	1886-87	... 88
1887-88	...	110	85	..	...	...	...	7	2,986	560	118	1887-88	... 55
1888-89	...	122	92	...	..	...	...	3	2,430	167	90	1888-89	... 64
1889-90	...	128	103	...	...	..	...	16	2,412	175	417	1889-90	... 70
1890-91	...	125	90	...	..	...	...	10	1,621	200	67	(b) No separate figures available prior to 1898-99.	
1891-92	...	117	89	...	...	...	...	8	3,680	346	85	(c) 26 opium cases are included in the figure in column 2.	
1892-93	...	137	112	...	...	...	...	12	4,812	630	595		
1893-94	...	153	104	...	...	...	...	6	1,972	344	110		
1894-95	...	144	124	...	...	...	...	9	2,507	232	209		
1895-96	...	104	71	40	29	...	..	13	2,265	...	25		
1896-97	...	116	80	83	69	...	..	29	3,702	505	356		
1897-98	...	185	155	88	65	...	..	28	5,204	335	230		
1898-99	...	210	159	75	53	8	8	24	4,620	260	230		
1899-00	...	226	194	85	55	7	5	29	2,410	260	194		
1900-01	...	140	114	66	47	11	7	14	2,021	81	300		
1901-02	...	186	147	41	28	38	30	24	3,768	322	310		
1902-03	...	159	134	48	36	18	17	18	3,206	120	256		
1903-04	...	239	198	(c) Included under excise.				19	2,447	190			

STATEMENT No. XXIV.

Statement of existing Excise establishments in the Central Provinces and Berar.

				Rs.	Rs.
18G.—GENERAL ADMINISTRATION—INSPECTOR-GENERAL OF STAMPS, REGISTRATION AND EXCISE, &c.					
Salaries ...	1	Superintendent of Stamps, Commissioner of Excise and Inspector-General of Registration (1,500) ¹ ...	...	17,280	
	1	Exchange Compensation allowance ...	...	1,080	
					18,360
Establishment ...	1	Superintendent (250) ...	...	3,000	
	11	Clerks, 1 (150), 1 (100), 1 (75), 1 (60), 2 (50), 2 (40), 3 (30) ...	...	7,860	
	10	Servants, 1 (10), 1 (8), 4 (7), 2 (6), 2 (2) ...	...	744	
					11,604
Allowances ...		Travelling allowance of Officers ...	...	1,600	
		Do. of Establishment ...	...	600	
Contingencies ...		Contingent charges ...	...	...	2,200
					4,135
					36,299
7A.—EXCISE—DISTRICT EXECUTIVE ESTABLISHMENT, CENTRAL PROVINCES.					
Salaries ...	21	District Inspectors, 3 (100), 5 (80), 6 (60), 7 (50) ...	...	...	16,920
Establishment ...	19	Clerks, 1 (30), 2 (20), 8 (15), 8 (12) ...	...	3,432	
	22	Servants (6) ...	...	1,584	
		Temporary Establishment ...	...	460	
					5,476
Allowances ...	21	Horse allowance of District Inspectors (15) ...	...	3,780	
		Travelling allowance ...	...	804	
					4,584
Contingencies ...		Contingent charges ...	...	...	1,700
					28,680
7B.—EXCISE—DISTRICT EXECUTIVE ESTABLISHMENT, BERAR.					
Establishment ...	12	Taluk Inspectors, 2 (75), 2 (70), 3 (50), 5 (40) ...	...	7,680	
	36	Servants, 3 (8), 33 (7) ...	...	3,060	
		Depôt establishment.			
	11	Sub-Inspectors, 6 (25), 5 (20) ...	...	3,000	
Allowances ...		Travelling allowance ...	...	...	13,740
					4,400
Contingencies ...		Contingent charges ...	...	...	1,123
					19,263
7B.—EXCISE—DISTILLERIES, CENTRAL PROVINCES.					
Establishment ...	47	Clerks, 2 (40), 8 (35), 13 (30), 20 (25), 4 (20) ...	...	15,960	
		Local allowance ...	...	100	
					16,060
Allowances ...		Travelling allowance ...	...	...	360
Contingencies ...		Contingent charges ...	...	...	1,796
					18,216
7C.—EXCISE—DISTILLERIES, BERAR.					
Establishment ...	2	Inspectors, (100) ...	...	2,400	
	6	Servants, (7) ...	...	504	
					2,904
Allowances ...		Overtime allowance ...	...	...	120
Contingencies ...		Fixed stationery allowance ...	...	...	24
					3,048
20B.—POLICE - DISTRICT EXECUTIVE FORCE, SPECIAL FRONTIER POLICE FORCE, CENTRAL PROVINCES.					
Establishment ...	1	Inspector, 2nd Grade (150) ...	...	1,800	
		Special allowance to do, (100) ...	...	1,200	
	12	Subordinate Officers, (30) ...	...	4,320	
Allowances ...		Travelling allowance ...	...	2,000	
Contingencies ...		Contingent charges ...	...	680	
					10,000
		Total 18G, 7A, 7B, 7C and 20B ...	...	...	1,15,506
		Deduct charges debitable to—			
		(1) 18G.—General Administration ...	...	36,299	
		(2) 20B. - Police ...	...	10,000	
					46,299
		Net amount debitable to 7. - Excise ...	...	...	69,207

STATEMENT No. XXV.

*Statement showing the proposed ultimate establishment for the
Central Provinces and Berar.*

		18G.—GENERAL ADMINISTRATION—COMMISSIONER OF EXCISE, ETC.	Rs.	Rs.
Salaries ...	1	Commissioner of Excise, at the average pay of a Deputy Commissioner of the Commission, (1,730)*	19,930	
	1	Local allowance to do. (250)*	2,880	
	1	Exchange compensation allowance	1,246	24,056
Establishment	11	Clerks, 1 (150), 1 (100), 1 (75), 1 (60), 2 (50), 2 (40), 3 (30)	7,860	
	10	Servants, 1 (10), 1 (8), 4 (7), 2 (6), 2 (2)	744	8,604
Allowances ...		Travelling allowance of Officers	2,000	
		Do. of Establishment	600	
Contingencies		Contingent charges		2,600
				5,400
				40,660
		7A—EXCISE (I) INSPECTION AND CONTROL.		
Salaries ...	3	Assistant Commissioners of Excise 1 (546)* (the average pay of an Assistant Commissioner of the Commission), 2 (500-25-700, average pay 600)	20,690	
	1	Local allowance to the Assistant Commissioner of the Commission (100)*	1,152	
	1	Exchange compensation allowance to do.	393	22,235
Establishment	6	Clerks, 2 (40), 2 (25), 2 (15)	1,020	
	9	Servants, 3 (8), 6 (7)	792	2,712
Allowances ...	1	Travelling allowance of the Assistant Commissioner of the Commission at Rs. 5 per diem, for 100 days	500	
	2	Do. of 2 Assistant Commissioners at Rs. 5 per diem for 200 days each	2,000	
		Do. of Establishment	500	
Contingencies		Contingent charges		3,000
				2,000
		(II) DISTRICT EXECUTIVE ESTABLISHMENT.		
Establishment	20	Inspectors, 12 (200), 6 (250), 2 (300)	54,000	
	166	Sub-Inspectors, 80 (30), 40 (40), 25 (50), 15 (60), 6 (70)	78,840	
	40	Clerks, 20 (25), 20 (15)	9,600	
	24	Clerks in Deputy Commissioners' Offices (20)	5,760	
	392	Servants, 131 (8), 261 (7)	34,500	
		Temporary establishment for the supervision of the <i>ganja</i> harvest—		
	6	Sub-Inspectors (30) for 3 months	540	
	24	Servants, 16 (7), 8 (8) do.	528	1,83,768
Allowances ...	20	Travelling allowance of Inspectors at Rs. 3 per diem for 200 days each,	12,000	
		Do. of Establishment	3,000	
Contingencies		Contingent charges		15,000
				11,000
				2,39,715
		7B.—DISTILLERY AND WAREHOUSE ESTABLISHMENT.		
Establishment	6	Assistant Inspectors, 3 (100), 2 (125), 1 (150)	8,400	
	65	Sub-Inspectors, 20 (30), 20 (40), 15 (50), 5 (60), 5 (70)	33,600	
	77	Servants, 25 (8), 52 (7)	6,768	48,768
Allowances ...		Travelling allowance		500
Contingencies		Contingent charges		1,000
				50,268
		Total 18 G, 7A, and 7B		3,30,643
		Uniforms for 469 peons at Rs. 20 per annum		9,380
		Grand Total		3,40,023
		Deduct (i) charges debitable to 18 G—General Administration		40 660
		(ii) One-third of the charges on account of Clerks in Deputy Commissioners' offices which is debitable to other branches...		1,920
				42,580
		Net amount debitable to 7—Excise		2,97,443

STATEMENT NO. XXVI.

Statement showing the proposed immediate establishment for the Central Provinces and Berar.

		18-G.—GENERAL ADMINISTRATION—COMMISSIONER OF EXCISE, &c.	Rs.	Rs.
Salaries	1	Commissioner of Excise, at the average pay of a Deputy Commissioner of the Commission, (1730) ⁴ ...	19,930	
	1	Local allowance to do. (250) ⁴ ...	2,880	
	1	Exchange compensation allowance ...	1,246	24,056
Establishment	11	Clerks, 1 (150), 1 (100), 1 (75), 1 (60), 2 (50), 2 (40), 3 (30) ...	7,560	
	10	Servants, 1 (10), 1 (8), 4 (7), 2 (6), 2 (2) ...	744	8,604
Allowances		Travelling allowance of Officers ...	2,000	
		Do. of Establishment ...	600	
Contingencies		Contingent charges ...		2,600
				5,400
				40,660
7-A.—EXCISE (I) INSPECTION AND CONTROL.				
Salaries	1	Personal Assistant to the Commissioner of Excise (500-25-700, average pay 600) ...	7,200	
	1	Exchange compensation allowance ...	450	
	10	Extra Assistant Commissioners, at the average pay of an Extra Assistant Commissioner, (367) ...	44,040	51,690
Establishment	20	Clerks, 10 (25), 10 (15) ...	4,800	
	33	Servants, 11 (8), 22 (7) ...	2,904	7,704
Allowances	1	Travelling allowance of the Personal Assistant at Rs. 5 per diem for 100 days ...	500	
	10	Do. of 10 Extra Assistant Commissioners at Rs. 3 per diem for 200 days each ...	6,000	
		Do. of Establishment ...	2,000	
Contingencies		Contingent charges ...		8,500
				2,500
(ii)—DISTRICT EXECUTIVE ESTABLISHMENT.				
Establishment	166	Sub-Inspectors, 80 (30), 40 (40), 25 (50), 15 (60), 6 (70) ...	78,840	
	332	Servants, 111 (8), 221 (7) ...	29,220	
	14	Clerks in Deputy Commissioners' Offices (20) ...	3,360	1,11,420
Temporary establishment for the supervision of the ganja harvest—				
Establishment	6	Sub Inspectors (30) for 3 months ...	540	
	24	Servants, 8 (8), 16 (7) do. ...	528	1,068
Allowances		Travelling allowance ...		1,000
Contingencies		Contingent charges ...		1,000
				1,84,882
7-B.—EXCISE.—DISTILLERY AND WAREHOUSE ESTABLISHMENT.				
Establishment	8	Assistant Inspectors, 5 (100), 2 (125), 1 (150) ...	10,800	
	63	Sub-Inspectors, 20 (30), 20 (40), 15 (50), 5 (60), 3 (70) ...	31,920	
	79	Servants, 26 (8), 53 (7) ...	6,948	49,668
Allowances		Travelling allowance ...		500
Contingencies		Contingent charges ...		500
				50,668
TOTAL 18-G, 7-A and 7-B				2,76,210
Deduct (i) Charges debitable to 18-G.—General Administration				40,660
(ii) One-third of the charges on account of clerks under 7—Excise, which is debitable to other branches				2,720
				43,380
Net amount debitable to 7—Excise				2,32,830
Note.—If the proposals as regards the establishment required for the working of the experimental tree-tax system in the Amraoti district are approved, an additional allotment of Rs.1,780 per annum as detailed below will be required.				
Establishment	1	Assistant Inspector (100) ...	1,200	
	2	Peons 1 (8), 1 (7) ...	180	1,380
Allowances		Travelling allowance of the Assistant Inspector for 200 days, at Rs.2 per diem ...		400
				1,780

STATEMENT NO. XXVII.

Statement showing the proposed Establishment for the prevention of Opium Smuggling.

			Rs.	Rs.
Salaries ...	4	Extra Assistant Commissioners for the Saugor, Hoshangabad, Narsinghpur and Nimar districts, at the average pay of an Extra Assistant Commissioner (Rs 367)	17,616	17,616
Establishment ...	4	Sub-Inspectors for the districts of Saugor, Hoshangabad, Narsinghpur and Nimar, 1 (30), 1 (40), 1 (50), 1 (60)	2,160	
	4	Do. to be stationed at Bina, Itarsi, Hoshangabad and Khandwa, 1 (30), 1 (40), 1 (50), 1 (60)	2,160	
	2	Reserve Sub-Inspectors, 2 (30)	720	
	8	Clerks, 4 (25), 4 (15)	1,920	
	32	Servants 10 (8), 22 (7)	2,808	9,758
Allowances ..		Travelling allowance		2,000
Contingencies ...		Contingent charges		1,000
		Total		30,384
		Deduct Rs.640, being two-thirds of the provision made for clerks in Deputy Commissioners' offices in the Saugor, Hoshangabad, Narsinghpur and Nimar districts under 7—Excise on the assumption that no full-time officers would be appointed		640
		NET COST		29,744



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